

# *The* NATIONAL UNDERWRITER

*Life Insurance Edition*



*Division Manager Freed (left) delivering  
\$6,689 check to Charles Getz*

## ***Getz Earns \$6,689 In First Three Weeks***

Capitalizing on the amazing salability of Franklin's exclusive policy contracts, the *President's Protective Investment Plan*, the *Guaranteed Life Annuity* and the sensational new *Junior Insured Savings Plan*, Charles Getz, a new member of the Eastern Pennsylvania organization, earned cash commissions of \$6,689.23 in his first three weeks as a Franklin representative.

Mr. Getz, an insurance veteran, spent six years as representative, and eleven years as Assistant Manager, for a large eastern company. Of course he had frequently heard of the unusual earnings of Franklin representatives. At first skeptical, then frankly curious, and finally outright eager, he joined the friendly Franklin in January.

Referring to the \$6,689.23 check presented to him by Division Manager Claude Freed, Mr. Getz said, "This is the most money I ever owned at one time . . . it surely is a grand feeling. My aim for the year is to more than double my best earnings since I began working. I feel sure I will accomplish it."

Mr. Getz is typical of scores of happy life insurance salesmen. Through exclusive Franklin contracts and friendly home office cooperation, they are enjoying earnings beyond their fondest dreams, with the most spectacularly growing life insurance company in America.



*The Friendly*  
**FRANKLIN LIFE INSURANCE COMPANY**

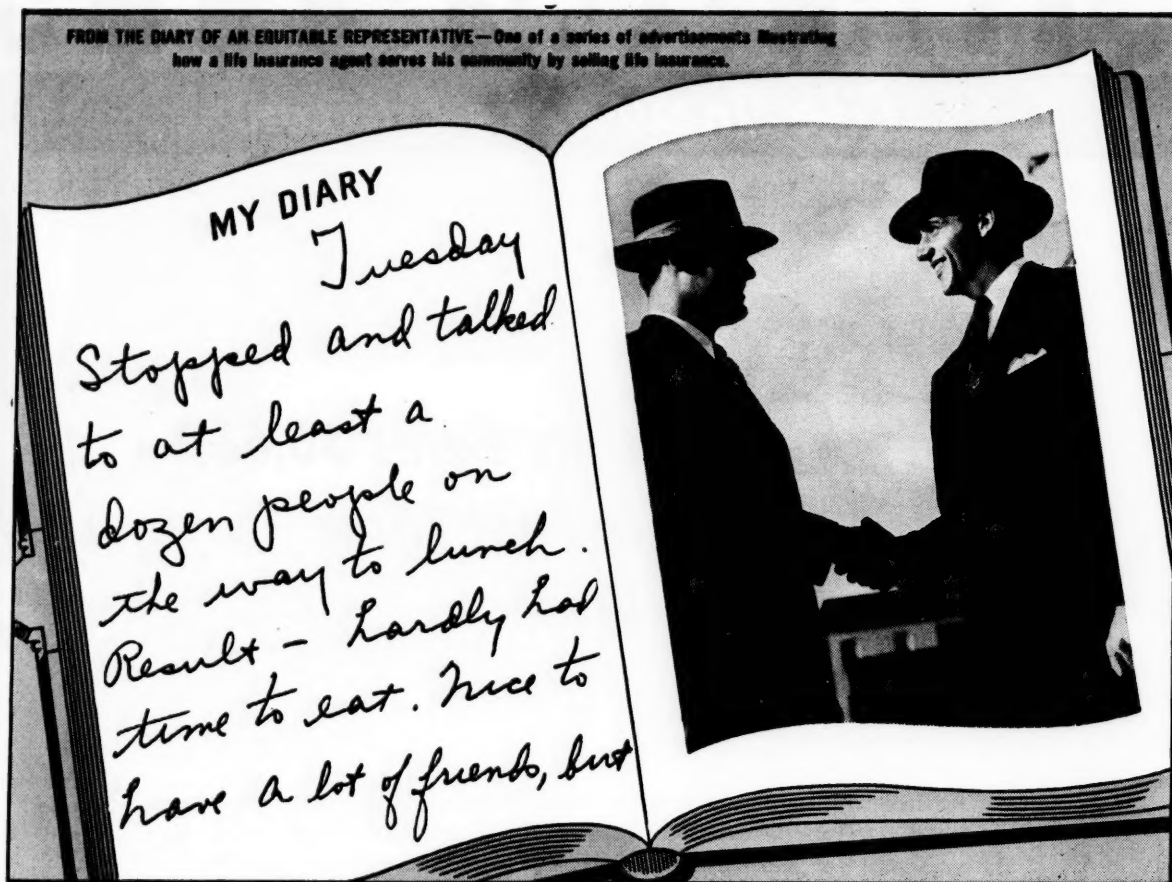
CHAS. E. BECKER, PRESIDENT

SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

*One of the 15 Oldest Stock Legal Reserve Life Companies in America  
Over \$570,000,000.00 insurance in force*

**FRIDAY, MAY 7, 1948**



## Why the Whole Town's Talking - to Joe White!

JOE ISN'T A PROFESSIONAL "glad-hander," but he can't take a five minute walk in the business section of his town without being buttonholed by at least three or four people.

You see, Joe is an average fellow doing an above-average job—for other people. Lending a hand to people with problems is his business, so naturally they're bound to grasp that hand later...in friendship. Joe White is an Equitable Society representative.

Friends say Joe White "lives life insurance." Joe pleads guilty. He knows that "living life insurance"

means keeping homes together—educating the "citizens of tomorrow"—helping business men solve basic problems—benefitting his community in dozens of different ways.

Yes, Joe White's work as an Equitable Society representative is more than just a "job"—it's a good way of life. He's a contented man because he knows that he is doing his bit to make the world a better place to live in. He takes a deep satisfaction in his work...in the respect that is his as a member of a highly regarded profession and as a representative of an institution like The Equitable Society.

### LISTEN TO "THIS IS YOUR FBI"

...official crime-prevention broadcasts from the files of the Federal Bureau of Investigation...another public-service contribution sponsored in his community by The Equitable Society Representative.

EVERY FRIDAY NIGHT • ABC Network



**THE EQUITABLE  
 LIFE ASSURANCE  
 SOCIETY  
 OF THE UNITED STATES**

THOMAS I. PARKINSON, President • 393 Seventh Avenue, New York 1, N. Y.

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## Actuarial Merger Moves a Step Nearer Completion

**American Institute of  
Actuaries Gives It Green  
Light, Reelects Officers**

Merger of the American Institute of Actuaries and the Actuarial Society of America moved

closer toward completion at the annual meeting of the institute in Chicago. Apparently the only thing remaining in doubt is which of two names the new organization shall bear. Institute members present at Chicago voted 112 for "Society of Actuaries" as against 82 for "Actuarial Society," the latter differing from present Actuarial Society's designation by the omission of "of America."

If the Actuarial Society of America, at its meeting in New York City May 13-14 votes in favor of "Society of Actuaries" that will settle the name question. If it should favor "Actuarial Society"



**R. G. Stagg**

### OFFICERS ARE REELECTED

J. Gordon Beatty, Canada Life, and all other officers of the American Institute of Actuaries were reelected at the meeting in Chicago. Hudson Stowe, Manufacturers Life, Ronald Stagg, Northwestern National, and W. O. Menge, Lincoln National, were elected to the board of governors to succeed those whose terms had expired.

If the merger with the Actuarial Society goes through, as seems assured, Mr. Beatty will have the distinction of having been the last president of the institute.

it would probably be necessary to decide the question by a mail vote.

J. Gordon Beatty, Canada Life, president of the institute, was authorized to appoint, jointly with the president of the Actuarial Society, a joint committee to formulate a constitution and by-laws for the new organization, which would be acted on at the joint meeting in the fall.

### Obstacles to Merger Removed

The two main obstacles to the merger, which have been satisfactorily taken care of, were where to hold the meetings and what status the contributing (company) members would have. It is planned to have the annual meeting in the fall at any place that might be chosen but presumably it would not be in New York City or Chicago. There would be two spring meetings, one in New York City and one in Chicago. The spring meetings would be one or two months apart.

The institute has company members, which may sent representatives to meeting even though they are not fellows or associates but the society has no such provision. The first plan was to give company members the right for 10 years to continue sending representatives but there was objection to this. The time

## Shepherd Warns on Hasty Action Due to New Tax Law

There is great deal of confusion about section in the new federal tax law governing the estate tax marital deduction for life insurance proceeds and while efforts are being made to straighten the matter out with the Treasury through regulations, if this cannot be done the companies are prepared for a vigorous effort to get legislation to clear up the situation regarding options, said Bruce E. Shepherd at the annual meeting of the American Institute of Actuaries in Chicago. He is manager of the Life Insurance Assn. of America.

Mr. Shepherd said that while those at the gathering had doubtless been besieged by queries from their field forces, he felt the prudent course was to sit tight and not pass out too much advice until the situation has been cleared up. He said agents particularly should be warned that they can do a lot of harm if they work too fast under the present circumstances.

Mr. Shepherd said the main difficulty is that the new law permits the marital deduction for only limited types of options and there is a question about remainders going to contingent beneficiaries. Also involved, he said, are survivorship annuities. He said that Treasury officials say that even if a widow receives the proceeds in a lump sum settlement she cannot get the marital deduction if she picks a settlement arrangement that would not have qualified for the deduction had her husband elected it for her.

was extended to give present company members the right for 15 years to send representatives and after that the organization would decide what should be done, the understanding being that the organization would be responsive to the needs of any company members which might not by that time be represented by fellows or associates. The organization would also decide on the admission of any additional companies as contributing members.

It was recommended by the joint committee on merger that an executive secretary, preferably a fellow or associate of the organization, be employed by the board.

Another concern dealt with in the recommendations of the joint committee was the method of accepting papers. It



**W. O. Menge**



**H. J. Stowe**

was finally decided that the effect of having only a single committee on papers would be all right if the decision of the committee were subject to review and to appeal to the president.

R. A. Hohaus, Metropolitan, chairman of the joint committee, stated that an attorney's report found the best way to effect the merger is by creating a new organization, preferably in Illinois, because the statutory law of that state is of recent enactment and provides

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## Government Role Key to Investments

**Warters Sees Interest  
Rise, but Instabilities  
Call for Caution**

D. N. Warters, executive vice-president of Bankers Life of Iowa, commented during discussion of investments at the meeting of American Institute of Actuaries that a situation is probably developing where the demand for investment funds greatly exceeds the supply. Such a situation will result in rising interest rates provided there is a free market and government controls are



**D. N. Warters**

not exercised to artificially hold down interest, he said. The ability and the will of the government to fully control the situation with the great powers it now possesses is the question mark that has been increased by current calls upon the government to support the price of government bonds. He indicated that some people believe the government can and will indefinitely support the market at current price levels. If this is true it will prevent any further great increase in interest rates. Others feel that in the long run the government, even though able, will not wish to counteract the law of supply and demand, and that in the long run the interest rates will follow natural forces.

Mr. Warters stated that interest rates are currently higher than last summer, but an analysis of the situation in the light of possible developments illustrates several instabilities that point to a continuance of the conservative policies being followed by a majority of life insurance companies. The interest rate at which money could be invested in top grade bonds increased one-tenth of one percent from the spring of 1946 to September, 1947, and another three-tenths of one percent increase to January, 1948. He noted there has also been an increase in the spread between interest rate of a top grade bond and that on a medium grade bond. He said the increase since 1946 has been caused by an increase in demand in relation to supply and change in the way which government controls have been exercised.

Increased prices with need for more dollars to finance a given volume of transactions have contributed to the increase in demand for investment money, according to the speaker. There are still shortages arising from lack of production and destruction during the war with capital needed to finance many new developments. The result is an increased demand for bank loans to finance current transactions on a short term basis and for investment money to purchase bonds and mortgages for financing planned expansion, modernization and the purchase of real estate.

### Demand Now Exceeds Savings

On the supply side of the equation, Mr. Warters recalled that many economists said during 1930 that the savings of the American people were greatly in excess of the demand for investment money. Studies during and since the war have cast some doubts on the original assumption that there is a

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## Informal Forums Feature L.A.A.'s Southern Rally

**H. R. Marsh of Jefferson  
Standard Heads Dixie  
Round Table**

**By HOWARD J. BURRIDGE**

BILOXI, MISS.—Advertising and agency men of life companies domiciled below the Mason-Dixon line convened here this week for the annual meeting of the Southern Round Table of the Life Insurance Advertisers Assn. J. W. Childrey, Atlantic Life, was in general charge as chairman. W. J. Hamrick, Gulf Life, functioned as program chairman. It was a two-day affair with mornings devoted to business and afternoons to recreation and relaxation. Three L.A.A. officers were in attendance—President C. Russell Noyes, Phoenix Mutual; Treasurer H. B. Taylor, Jefferson Standard, and Editor L. Russell Blanchard, Union Mutual.

In addition to the prepared talks that were given, each speaker asked that his subject be discussed by the group as a whole. This produced a minimum of formality and a maximum of comment. After appointing a nominating committee consisting of C. G. Fleming, Life of Virginia; John A. Fer-

### OFFICERS ELECTED

Chairman—Hal R. Marsh, advertising manager Jefferson Standard.

Vice-chairman—Fisher E. Simmons, Jr., assistant secretary Pan-American.

Secretary—Al B. Richardson, director of public relations Life of Georgia.

guson, Protective, and R. B. Taylor, Jefferson Standard. Chairman Childrey got the meeting under way with a brief address of welcome. Fisher E. Simmons, Jr., Pan-American, chairman of the arrangements committee, welcomed the southern knights to the Gulf Coast.

C. Russell Noyes, Phoenix Mutual, reported as president of L.A.A. that the organization now has 169 company members and 315 individuals. Mr. Noyes outlined a number of "dos" and "don'ts" for life advertisers, emphasizing especially the importance of convincing the agent of the effectiveness of the material produced. He concluded by remarking that there is no such thing as arriving in advertising.

Joseph M. Locke, Gulf Life, spoke on building the agents' prestige through the house organ. He said the average agent will make a real effort to achieve space in a house organ. He told how pictures of all kinds increase the readership and discussed the types of pictures to be used. He said that "in the house organ you are selling ideas, not literature."

W. J. Hamrick, agency vice-president Gulf Life, gave a talk entitled "What's Cooking," and also spoke on newspaper advertising, the topic assigned to R. William Archer, Southwestern Life, who was unable to attend because of the recent death of the president of his company. Mr. Hamrick said that the most newspaper advertising can do is lower the resistance of the buyer.

Mr. Noyes said that Phoenix Mutual is going to launch a daily newspaper advertising campaign. The agent will pay

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## Fraternal Actuaries Hold Mid-Year Meeting in Chicago

It is imperative now to modernize the annual statement reports of fraternal societies, F. J. Gadiant, actuary Modern Woodmen, Rock Island, Ill., declared in his presidential comments at the mid-year meeting of the Fraternal Actuarial Assn. held in the Edgewater Beach hotel, Chicago, the day preceding the American Institute meeting there. For many years, he said, fraternal actuaries have discussed the need for some form of gain and loss exhibit, uselessness of the valuation report, and in general the obsolete nature of the annual statement form.

He said the many changes in the form made by the commissioners indicate they plan to add requirements for additional information from societies that will enable departments more carefully to analyze financial condition.

"This in itself cannot be criticized, but no information currently being asked for is being discontinued and the method of making the changes is subject to criticism," Mr. Gadiant said.

### Finds Hazards in Small Size

He agreed that fraternal members are entitled to the same safeguards and supervision as are policyholders of old line companies, and size should be no excuse for not providing these safeguards. Small size presents certain definite hazards, he commented, such as insufficient exposures, resulting possibly in adverse mortality. Investment hazards are found where there is a limited spread of investments, and high administrative costs in relation to income are a third peril.

Mr. Gadiant noted that legal reserve fraternal in recent years have strengthened their reserves, and some even started to do this before the commissioners began requesting that they do so. Some societies have gone on the CSO table and others are preparing to do so.

These are good steps, he said, for "the fraternal system will always be judged by the success or failure of the societies which comprise it—perhaps more so than are the commercial insurers. It is extremely important that we as actuaries make sure that our societies or those we represent know what the condition is within the society so that management may establish any safeguards required. If a society's management is uninformed about its condition, then it is small wonder that state supervisory authorities should demand this data. Management must know where it has been, where it now stands, and where it is going. If societies won't do these things, we can expect state supervisory authorities to take a hand and require information that is much more exacting than necessary."

### May Seek Law Changes

A resolution was adopted passing on to the committee on law of the National Fraternal Congress the matter of rectifying a situation by seeking law amendments in a number of states which still require juvenile statement filings in a separate blank although the information is contained in the combined annual statement form.

It was announced the annual meeting will be held Sept. 26 in the William Penn hotel, Pittsburgh, during the annual N.F.C. convention there.

Advantages of applying the attained age method of valuation were told by Eugene H. Pakes, actuary Woodmen Circle, Omaha. This valuation method has not been much used by fraternal societies. Mr. Pakes said his society used the group method for many years but began to find considerable time and expense were spent in completing the yearly valuation, and changed to the attained age method with punch cards.

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## FTC Must Spend Year Evaluating State Laws, Counsel Tells C. of C.

The Federal Trade Commission during the fiscal year 1949 will do little more, as far as the insurance industry goes, than attempt to ascertain the extent to which the states have regulated practices which would be subject to corrective action, according to William T. Kelley, general counsel of FTC. He was addressing the insurance regulation luncheon at the annual meeting of U. S. Chamber of Commerce in Washington.

He commented that the limited funds granted by congress of \$10,000 will not permit a great deal of work to be done which requires expenditure of any substantial sum.

Mr. Kelley said that section five of the FTC act declares unfair methods of competition and unfair and deceptive acts or practices in commerce to be unlawful. Where the commission has reason to believe such conditions exist, it is authorized to act. Violations of the act subject to the commission range in the broad language of section five from simple commercial deceit to complex problems of industry price structure.

Sections six and nine of the FTC act arm the commission with authority to gather and compile information and to require corporations under oath to file annual or special reports or answers in writing to specific questions. The right of access to documentary evidence is provided and the necessary authority to compel the attendance of witnesses and the production of evidence. He did not anticipate the commission would find occasion to use these powers during the next fiscal year in regard to the insurance business.

Mr. Kelley disclosed that most matters arising under the Federal Trade Commission act are brought to the attention

of FTC by competitors of the alleged violator or by a member of the public. In other instances, the commission initiates investigations. In all cases the commission proceeds in its own name and the name of the person directing its attention to the matter is not disclosed.

If the commission concludes that the practices are violative of the act and are such as may be corrected by agreement with the violator, the privilege of stipulation may be granted, whereby the alleged violator executes a document in writing agreeing to discontinue the practices found to be illegal.

Mr. Kelley said that the commissioners found these stipulations effective in eliminating numerous illegal practices without the necessity of issuing formal complaint. However, if the practices are such that the commission does not consider them appropriate for stipulation, it directs the complaint and the files to go to the bureau of litigation for handling.

### Clayton Act Exceptions

According to Mr. Kelley, the procedural provisions under the Clayton act are similar to those under the FTC act with two important exceptions. One is that Clayton act orders do not become final at the termination of any stated period. The other is that remedy for violation of an order under the Clayton act is not a penalty suit, but a contempt proceeding before a circuit court of appeal because of the failure of the respondent to comply with its order after the court has affirmed the commission's order and directed compliance. The Clayton act is

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## Hohaus Reviews Progress in Health Insurance Plans

WASHINGTON—The great progress which has already been made through individual enterprise and employer-employee cooperation in developing health insurance plans to meet a wide variety of health and medical care needs was stressed by R. A. Hohaus, actuary of Metropolitan Life, in a talk before the National Health Assembly.

Pointing out that plans for the prepayment of expenses of medical care are a relatively recent development, Mr. Hohaus said about 50 million Americans now have some form of coverage of this kind under plans offered by insurance companies, non-profit organizations and other groups. Much progress has also been made in the direction of enlarging the scope and improving the effectiveness of coverage under such plans.

Confining himself particularly to group insurance, Mr. Hohaus traced its evolution and expansion and stressed the important part played by the employer in the successful development of the many forms of group insurance.

Looking toward the future, Mr. Hohaus said that it appears to many that the most encouraging aspect of group insurance in meeting health and medical care cost is its flexibility and the potentialities it provides for healthy experimentation. Health and medical care problems are greatly affected by local conditions and customs. Because of its flexibility, group insurance has been able to meet satisfactorily a large variety of situations and needs in an essentially new field.

## Only One Hurdle Left for W. & S. Mutualization

The refusal of the Ohio supreme court to review a lower court decision upholding Western & Southern's mutualization plan leaves the way clear for mutualization except for a similar case pending in federal court in Cleveland.

In the case just decided by the Ohio supreme court, suit had been brought by two policyholders on the ground that policyholders having less than \$1,000 of insurance would not have voting power. The lower court decision, however, pointed out that it is well settled that the holder of a non-participating contract has no vested right in the organizational structure of the company and when these policyholders bought their insurance they knew that permission to mutualize was part of the Ohio law. The court held that neither by the state constitution nor by contract did policyholders have the right to vote and that granting the right to some and not to others did not make the mutualization act unconstitutional.

## L.O.M.A. Book on Salaries to Be Available to Public

Life Office Management Assn. has published a book, "Clerical Salary Administration." It was prepared by the association's clerical study committee. Ordinarily L.O.M.A. publications are available only to members but because of the wide interest in the subject among office managers the book is being made available to the public at \$4. It can be ordered from L.O.M.A., 110 East 42nd street, New York City. The book has more than 200 pages.

## Valuation Meeting Postponed

The meeting of the subcommittee of the committee on valuation of securities of National Assn. of Insurance Commissioners, scheduled for May 5-6 in the New York department, has been postponed to May 19-20. Representatives of the insurance business will be heard May 19, at 10:30 a.m.



## NATION-WIDE PAY RAISE

Forty-million Americans have just received a raise! Referring, of course to the tax reduction bill recently passed by congress which decreased withholding tax rates May 1st.

Think of that prospect who convinced you only a short time ago that he couldn't possibly afford more Life Insurance . . . and yet was able to balance his budget on the income he received at that time. And now he has \$5 or \$10 or \$15 or \$20 a month more income than heretofore.

Now you are in a position to go back to him, point out that he has had a "raise" of \$11.00—point out that after a month or so he will be so well adjusted to this increased income of \$132 a year that he will probably receive no material or measurable benefit from it—and point out what he stands to gain by putting it from this moment forward into a Life Insurance contract.

Get your share of this "raise"!

Insurance in Force—March 31, 1948—\$356,261,284

**COMMONWEALTH**  
LIFE INSURANCE COMPANY  
LOUISVILLE

## Asks Protection for "Future Dollars" of Policyholders

The rapid rise of the national debt since 1940 has set up forces, inflationary and otherwise, which have placed increasingly severe burdens on those who rely on life insurance for protection, the Committee on Public Debt Policy reports in its sixth study of the national debt problem. Three out of every four American families own life insurance, and millions of other people depend for some of their support on policies that have matured, the committee points out.

To preserve the value of the "future dollars" for which policyholders pay, it is urged that management of the public debt work toward economic stability and not towards either inflation or deflation. "As positive steps," says the committee, "the Treasury and the Federal Reserve have the power actively to combat inflationary trends by paying off the debt out of budget surpluses and by causing the possession of Treasury securities to shift gradually from commercial banks to other investors. Both steps tend to reduce the volume of money and bank deposits outstanding and to prevent the inflationary spiraling of money supply, prices and wages. Both, of course, have to be taken with care," to avoid deflationary influences.

### Cost \$390 Million a Year

The study shows that since the early 1930s there has been a progressive downturn in dividend scales of insurance companies, that in 1930 policyholders received back as dividends 15.7% of their premiums, whereas dividends were less than 8.9% of their premiums 16 years later. The difference between these two figures, representing the added annual cost of insurance, is estimated at approximately \$390 million.

Because of declines in the prevailing rate of interest, the study finds, net investment earnings of a representative group of life companies dropped from about 5% in 1930 to 2.9% in 1946. This reduction of about 40% is described as "a cut in the wages of securely invested savings."

The committee says that even if the trend of interest rates is higher during the next few years it seems unlikely that the over-all investment return of life insurance companies will rise as rapidly as it declined during the 1930-1946 period.

The study was undertaken by Sherwin C. Badger, second vice-president and financial security of New England Mutual Life, was reviewed at various stages by the Committee on Public Debt Policy and appears with the committee's approval.

## A. J. Davis Joins "Southern Insurer" as Managing Editor

Alvin J. Davis has purchased a half interest in the "Southern Insurer" of New Orleans from Louis Phillips and will serve as its general manager and managing editor. Mr. Davis resigned March 1 as vice-president and managing editor of the "Insurance Index" of Louisville after nearly 11 years with that paper. He was financial editor of the Louisville "Herald-Post" and on the staff of the Louisville "Courier-Journal" for two years before going with the "Insurance Index" in 1937.

Mr. Phillips, now advanced in years, is a veteran insurance journalist, having been instrumental in the formation of both the Industrial Insurers Conference and the American Assn. of Insurance General Agents.

Almost 10,000 Connecticut state employees are participating in the new group life plan authorized for them by the 1947 general assembly.

## Kansas City Life Presidents Club Holds Spirited Rally at Chicago

More than 150 of the 177 members of the Kansas City Life Presidents Club gathered at Chicago this week for the annual meeting of this organization of top producers. It was the first time that the members were permitted to bring their wives, so the group numbered close to 300.

Monday afternoon there was a meeting at which President W. E. Bixby installed the new officers, and at which a stirring address was made by W. H. Alexander, pastor of Second Christian Church of Oklahoma City, whose appearance was arranged for by L. C. Mersfelder, Oklahoma City general agent of Kansas City Life.

The new president of the Presidents Club is Keith Garner of San Francisco, 28 year old army veteran with only two years life insurance experience under his belt. His sales volume was \$1,615,000. The vice-presidents are Bert R. Reed of Oklahoma City, who has been with Kansas City Life since 1917, and who had the largest number of lives written last year, his total being 367; Clark Hamblin of Mesa, Ariz., an ex-GI and life insurance man of only two years, who had the largest premium income and whose production exceeded \$1 million, and G. Wayne Randall of Phoenix, Ariz., who had the largest average size sale, it being \$12,610. He is a life member of Million Dollar Round Table.

Another million dollar producer was Ben Epstein of Houston, retiring vice-president of the club.

### Detroit and Quebec Next

Mr. Bixby was presented that after Presidents Club meeting will be at Detroit and Quebec.

Mr. Bixby was presented that afternoon with \$1½ million business together with letters from every general agent.

Monday evening there was held a reception and dinner at which Mr. Bixby again presided and presented handsome gifts to the officers of the Presidents

Club. The group gave a prolonged ovation to Mrs. J. B. Reynolds, whose husband was the founder of Kansas City Life, and whose daughter is Mrs. Bixby and, incidentally, whose grandson is Joseph Bixby, who has been with Kansas City Life since last year and was at Chicago this week.

Vice-president Dallas Alderman, who had been ill about two months earlier this year, but who had been back on the job and had made most of the arrangements for the Chicago gathering was taken sick at the Chicago meeting and was confined to his room.

On Tuesday there was an education session in charge of Verne Barnes, director of training. Especial interest was taken in the presentation at that time of the life insurance vistas that are opened by the new tax law, on the part of James Langston, personnel director.

Mr. Langston said that the new federal laws put in the discard such things as the synthetic state community property laws, such as were enacted in Oklahoma, Pennsylvania and Nebraska, and also make inappropriate such devices as family partnerships.

The gift tax liberalization is what provides the wide open gate for life insurance men, he said. If the family is treated as a unit and the facilities of insurance companies are utilized to set up multiple trusts, everything can be achieved that a trust company can do. The same results can be obtained as if the services of a corporate trustee were used, and without segregation of assets.

He said that one of the great fears on the part of family heads in considering

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## Educator, Market Research Executive to Address L.I.A.

Dr. G. Rowland Collins, dean of the graduate school of business administration at New York University, will speak at the meeting of Life Insurance Assn. of America on May 12. Another speaker is Arthur C. Nielsen, president of a Chicago market research firm. As an innovation there will be a question period after each talk. Leroy A. Lincoln, president of Metropolitan and president of the association, will act as chairman. The meeting will be in New City at the Waldorf-Astoria.

The session will get under way the afternoon of May 11 with a meeting of the board which executives of all member companies have been invited to attend. The general session will be called to order by Mr. Lincoln at 10 a. m. on May 12. First item will be committee reports and a question period. Dr. Collins will then discuss "Employee Education, a Major Responsibility of Management." A luncheon will then be given.

The afternoon session will be opened by Mr. Nielsen. His subject will be "Marketing Research and Its Promise for the Business of Life Insurance."

## L.O.M.A. Meeting to Be May 24-25

The spring conference of the Life Office Management Assn. will be held May 24-25 at Hotel William Penn, Pittsburgh.

The program will include the following:

Morning, May 24—C. H. Bader, Interstate L. & A. chairman. Welcome by R. C. Knell, vice-president Reliance Life and L.O.M.A. president. "Organizational Structure for the Effective Handling of Accounting Functions," Burgh S. Johnson, Guardian Life. "Accounting for Operating Expense Control," panel discussion by C. H. Yardley, Penn Mutual, panel chairman; Maurice LeVita, Scranton Life; E. W. Hubbard, Massachusetts Mutual; and Gordon Stich, National Guardian.

Afternoon—J. J. Hess, Knights Life, chairman. "Premium Accounting and Related Activities," panel discussion by L. H. Van Ness, Acacia Mutual, chairman; H. O. Jacobson, New England Mutual; L. I. Reeve, Pacific Mutual; G. H. Hamilton, Phoenix Mutual; and J. D. Milne, Canada Life.

Evening—Reception and banquet.

### Tuesday, May 25

Morning—J. Finlay Allen, Home Life of New York, chairman. "An Application of the Principles of Accrual Accounting to Life Office Operations," W. M. Guthrie, Reliance Life; "Development and Use of a Manual of Accounts," E. J. Thomas, Jr., Pan-American. "Premium Collections and Related Activities," panel discussion by Don E. Slee, Mutual Benefit, chairman; W. D. Holt, Provident Mutual; T. H. Koenig, Jefferson Standard; and W. H. Bowen, Northwestern National.

Noon—Luncheon. Afternoon—George Aitken, Great-West Life, chairman. "Agency Accounting and Auditing," panel discussion by A. D. West, Reliance Life; Harry Kenney, Kansas City Life; C. W. Adamson, Northwestern Mutual; James Etelson, State Mutual, and E. W. Baseler, General American. "Investment Accounting," panel discussion by W. J. Young, Fidelity Mutual, chairman; J. Price Murphy, Equitable of Iowa; G. S. Parrish, Life & Casualty; W. R. Morgan, Equitable Society.

## Mich. Housing Bill Passes

The Michigan legislature has passed the bill permitting life companies to invest in long-term housing projects in the state. There was strong opposition from groups of small property owners in Detroit who fear that slum clearance projects there would deprive many of their homes, even though it was emphasized that the city has already projected the condemnation of certain areas and that the insurance law change would make no difference. Governor Sigler's signature is assured, as the measure was an administration bill.

## Talk Business

Stanley N. Murphy, of our J. N. McLean Agency at Jackson, Miss., writing of selling Business Insurance, says:—

"I have found that many businessmen will talk at length of their business, but will fold up like the proverbial accordion when one mentions their family and family protection . . . As an example: Two golf partners of mine are in the wholesale business. They have a partnership valued at approximately \$150,000. Prior to the war, I had solicited them for personal insurance without success. During the war they did exceedingly well financially, and I called upon them early in 1946. When I walked in, only one of the partners was present. He greeted me cordially but added, 'Stan, you are here to sell me life insurance and I am NOT going to buy any. We have a fine business and, if anything happened to me my personal insurance and my business would give my family adequate income.'

"I replied, 'Bill, I did not come here today to talk about your personal insurance. My mission is to discuss your business with you. You are a partnership, aren't you? Now, Bill, are you familiar with the hazards of a partnership?'"

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## THE PENN MUTUAL LIFE INSURANCE CO.

JOHN A. STEVENSON  
President

INDEPENDENCE SQUARE, PHILADELPHIA

## Mail Order Insurers Fined \$8,000

HAMMOND, IND.—Guarantee Reserve Life and Guarantee Reserve Ins. Co. were convicted of intent to defraud policyholders and fined \$4,000 each in federal district court here. The companies were found guilty on eight counts while 18 others were dismissed. The fines were on the basis of \$1,000 per conviction. The companies entered a plea of nolle contendere and waived presentation of evidence.

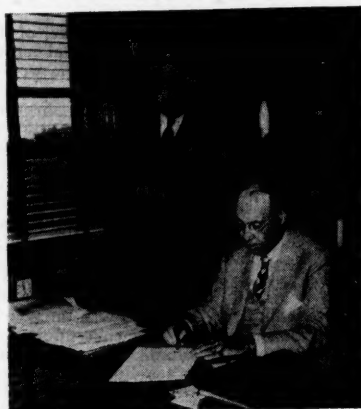
The government charged they had devised a scheme to defraud policyholders by taking premium payments through false pretenses and trickery.

The companies are scheduled to go on trial again May 10 on charges of false advertising. The indictment states that this was accomplished by ambiguous phrasing and misleading and false statements.

## Malone Pa. Bar Speaker

Commissioner Malone of Pennsylvania will be a speaker at the annual meeting of Pennsylvania Bar Assn. at Atlantic City June 30.

## \$1,000,000 Policy



Climax to an exciting time in the home office of Washington National at Evanston, Ill., was the signing by H. R. Kendall, chairman, of a \$1 million policy on the life of Dr. George S. Benson, president of Harding College, Searcy, Ark. George R. Kendall, president, witnesses the signature which formalized one of the few such events which have taken place in life insurance history. Application for the five year non-convertible term policy was taken by John H. Greene, Washington National general agent, at Little Rock, who forwarded a check for \$16,540 representing the first annual premium. The policy is payable to the small Christian college of which Dr. Benson is unquestionably the "key man." In 12 years in his post, he has won a national reputation as a speaker, writer, and champion of the American system of free enterprise. His activities in radio, newspaper, lectures and motion pictures have brought an income of \$100,000 a year direct to the college. Reinsurance on the policy was participated in by a number of companies, but the coverage was written wholly in Washington National.

## Aurora A. & H. Operators Indicted by U. S. Jury

The federal grand jury at Chicago has voted an indictment on charges of using the mail to defraud against Northern Trust Life of Aurora, Ill., together with its president, Vaughn V. Moore; its secretary, E. A. Wilmsen, All American Insurance Agency and Nation Wide Insurance Service, all of Aurora.

The indictment charges that from Oct. 30, 1942, Northern Trust Life and its cooperating agencies have sold A. & H. insurance making false representations and "wild promises." Eighty-seven percent of the claims presented have been rejected, according to United States Attorney Otto Kerner.

The indictment charges that Northern Trust's A. & H. policies were sold through the two agencies, and that the contracts were misrepresented in the sales literature. Kerner said the premium was \$1 monthly. Most of the claims were rejected or else insignificant payments were made. Postal inspectors said the benefits that were paid averaged \$34.

Since 1945 premium collections have totaled \$200,000, according to Kerner. On some policies the agencies get all of the first month premium and 40% thereafter, while on others the renewal commission ranged from 10% to 75%.

There are 29 fraud counts in the indictment and a conspiracy count. Each of the fraud counts carries a maximum fine of \$1,000 and five years imprisonment while the maximum under the conspiracy count is \$10,000 and two years in prison.

The Moss agency of General American in Norfolk, Va., has won possession of the president's cup for the next three months by attaining the largest percentage of increase in paid premiums for the first quarter.

## Miller Insurance Editor of N. Y. "Journal of Commerce"; Crawford Now Emeritus

William S. Crawford has been named insurance editor emeritus and Elmer Miller has been appointed insurance editor of the New York "Journal of Commerce." Mr. Crawford, who will continue to contribute special articles, marked his 29th anniversary as insurance editor on March 17. He has spent more than fifty years in newspaper work, most of it in insurance journalism. He was formerly associate editor of THE NATIONAL UNDERWRITER.

Mr. Miller, until now associate insurance editor, has had nearly 25 years' experience in the daily newspaper and insurance publishing fields. He worked on several daily papers and for the Associated Press before specializing in insurance publicity and newspaper work. For five years he was on the staff of the publicity department of the Aetna Fire group in Hartford, following a period of training in fire and allied lines underwriting. In 1936, he joined the "Insurance Field" at Louisville as associate editor, later becoming business manager and managing editor. He joined the insurance staff of the "Journal of Commerce" in 1940. He was educated at the University of Virginia.

## Federal Life Leaders Meet at Biloxi

BILOXI — Leading producers and managers of Federal Life of Chicago met here this week. There were 126 in the group. J. P. Block, Chicago, president of the "Inner Circle" presided at the first business session. Chairman Isaac Miller Hamilton gave the address of welcome. President L. D. Cavanaugh was a featured speaker. C. Norwood Pickering, San Francisco, had "Plan Your Work" as his subject. T. Loyal Anderson, vice-president in charge of claims, discussed "Claims as an Asset to the Agent." Aaron Mitzel, Chicago, vice-president of the "Inner Circle," was the concluding speaker.

Morris Rahn, Springfield, Ill., president of the Federal Life Club, was chairman of the second session at which the speakers were J. H. Howard, Pearsall, Tex.; Glen W. Myers, vice-president and actuary; Simon Kaplan, Los Angeles; E. T. Sabin, Chicago, and Spencer R. Keare, executive vice-president and superintendent of agencies. Speakers at the managers meeting were the officers of the managers association, they being L. H. Baxter, Chicago; J. A. Balcor, Cedar Rapids; F. T. Bockemuhl, Detroit; L. M. Sabin, Chicago, and S. A. Mescham, Kansas City.

## Accused of Faking Priorities

NEW YORK—Meyer Greenwald, 45, a lawyer formerly employed by Metropolitan Life, was arrested and accused of accepting some \$28,000 from physicians and dentists for giving them priorities on the listing of office rentals in Metropolitan's housing project at Parkchester, Stuyvesant Town and Peter Cooper Village. District Attorney Hogan said that 11 physicians and dentists had been forced to pay between \$2,000 and \$4,000 each for high priorities. All are veterans.

Edward R. Gettings, general agent Northwestern Mutual Life, Albany, was honored by the life underwriters associations of Albany, Troy, Schenectady and Glens Falls at a testimonial dinner in Schenectady. He is past president New York State Life Underwriters Assn. A testimonial scroll was presented by Ernest Perkins, general agent Provident Mutual, Albany. D. B. Fluegelman, New York city, president state association and N.A.L.U. trustee, spoke.

Harold J. Cummings, president of Minnesota Mutual Life, gave St. Paul Business & Professional Woman's Assn. some advice on how they can retire financially independent at age 65.

## WANTED:

## 5 SALARIED MEN FOR AGENCY POSITIONS

An outstanding opportunity is available at once for 5 experienced Ordinary men in salaried home office or managerial positions to help launch our Ordinary expansion program in the southeastern states. This will be an operation based upon modern sales methods, that will offer an unlimited income for successful executive management (not personal production). Men must be over 25, under 45, have at least 2 years successful experience in professional-type Ordinary selling, and be able to pass managerial aptitude and occupational tests. Outline experience, training, qualifications, income and personal data in a confidential letter to the Director of Ordinary Agencies.

## A Statement of Policy

This want ad is intended to be the only one of its kind we will ever publish.

It will be our policy to apply the Golden Rule in dealing with every other company and its field men. We do not intend to approach or make offers to them unless we have a position representing a legitimate and obvious advancement.

We will not attempt to get personal producers of other companies as personal producers for Liberty Life, and we join with the other companies in condemning those who attempt to build their agencies at the expense of others.

We expect to develop enough competent, successful life underwriters and managers so that after we have our expansion program in operation we will make all future promotions solely from our own ranks.

In the meantime, we will appreciate any assistance in finding the 5 men we need to help us get a full team under way.

Roger Bourland,  
Director of Ordinary Agencies



## LIBERTY LIFE INSURANCE COMPANY

Home Office: Greenville, South Carolina

One of the South's Great Life Insurance Companies, Operating Exclusively in the South, for the South.

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## \$64 QUESTION DAY To Air Hot Issues at N. Y. Town Forum

NEW YORK—May 27 has been set up as \$64 question day by the board of field underwriters of the New York City Life Underwriters Assn. An open town meeting has been scheduled for the grand ballroom of the Hotel Pennsylvania, which holds more than 2,000. A panel selected as a cross-section of the industry will answer any question the agents submit. Non-members as well as members may attend.

Among the issues expected to arise are agents' compensation, mass selling, part-time agents, social security for agents, and the functions of agents' associations. Sponsors hope for a deluge of questions before the meeting and have arranged for microphones all over the hall so that questions may be asked during the meeting. There will be no speeches.

Moderator of the 12 man "all-industry" panel will be Laurence J. Ackerman, dean of the School of Business Administration, University of Connecticut. Scheduled to sit on the panel are: Simon D. Weissman, Equitable Society, Boston, chairman N.A.L.U. committee on field practices; H. Cochran Fisher, Aetna Life, Washington, chairman N.A.L.U. committee on compensation; David B. Fluegelman, Northwestern Mutual, New York City, president, New York State Life Underwriters Assn.; George P. Coleman, chairman, New York City cooperating committee on part-time agents; Leon G. Simon, Equitable Society, past president New York City association; Clancy D. Connell, Provident Mutual, New York City, past president N.A.L.U.; James E. Rutherford, executive vice-president N.A.L.U.; Eugene M. Thore, general counsel Life Insurance Assn. of America; Holgar J. Johnson, president Institute of Life Insurance; Charles J. Zimmerman, assistant managing director L.I.A.M.A.; James E. Bragg, Guardian Life, educational vice-president New York City association; and Denis B. Maduro, counsel New York City association.

Sponsors of the program say that no questions will be side-tracked. They feel that in enabling agents to get the answers to their problems they will have made a great step forward in promoting intra-industry relations. Everyone is invited to the town forum regardless of membership in the association.

Albert F. Schrock of Ottawa, Ill., former treasurer of Fidelity Life of Fulton, Ill., died at the age of 90. He formerly was mayor of Ottawa and a grand commander of Illinois Knights Templar.



Peter M. Fraser (right), president of Connecticut Mutual Life, presented the president's organization trophy to J. C. F. Merrifield general agent in Portland, Ore., at a dinner for the agency given by Mr. Fraser. The trophy was awarded to the agency for the best record in organization development.

## L.O.M.A. Graduate Society Seminar Program May 12

The Society of L.O.M.A. Graduates will hold its annual seminar May 12, at the Hotel Sheraton in New York City, on "Underwriting Life Policyholders." L. E. Bottens, Life Underwriter Training Council, will give the field view; T. M. Flaherty, New York Life, home

office, and Neil Kerwin, North American Reassurance, reinsurance. Following the dinner, Andrew C. Webster, manager of selection, Mutual Life, will discuss "The Underwriting Outlook" and John L. Cameron, vice-president of Guardian Life, "Keeping the Grapevine on its Toes."

The nominating committee has submitted the following slate: President, C. A. Waters, Prudential; vice-presi-

dent, Walter Mahlstedt, Teachers Insurance & Annuity; treasurer, Harold Porton, Mutual Life; secretary, Sophie I. Bulow, Guardian Life, and council members, C. A. Brown, Mutual Benefit, Mr. Mahlstedt, and R. D. Holran, U. S. Life.

Your answer to practically any statistical question is in the new *Unique Manual Digest*.

# INCREASED EARNINGS!

The Midland Mutual Life has a new contract which pays career agents a monthly expense allowance, PLUS standard first year commissions, PLUS higher first and second renewals, PLUS a collection fee after renewals terminate; ALSO a pension plan and cash awards for club membership!

General agencies available in  
IOWA ILLINOIS MICHIGAN

**The Midland Mutual Life Insurance Company**  
250 East Broad Street  
Columbus 16, Ohio

## Animated Exhibits Put Lessons Across Vividly

To visualize the values and uses of life insurance, Albert J. Schick, Prudential's senior field training specialist, has worked out a number of 30 by 40 inch colored exhibits, some being cleverly animated. During his talks on various phases of selling the pictures are "unveiled" and some are animated by Mr. Schick.

The one that has caused the most comment by audiences shows a hooded and cloaked skeleton. It is one which is not covered when the audience enters the room. They are curious about the bag which the grim reaper carries at his side, on which is drawn a large question mark. The bag, merely a flat piece of cardboard, is mounted on a hinge. At the appropriate time, Mr. Schick flips it open and out of it a number of bills fly in all directions—actual bills from undertakers, hospitals, doctors, and utility companies, and tax bills, "all the bills that arrive with the grim reaper."

Another placard shows a man at the

top of a precipice. There is a gradual road down—or the man can jump off. Shall he plunge his family from maximum income down to nothing or take a gradual route of "readjustment income?"

One picture is a chart that contrasts earnings of high school graduates with those of college graduates. "Someone has to pay—either the youngster in reduced earnings all his life, or the father in a much easier way through life insurance premiums."

A picture of a woman scrubbing a floor to earn \$50 to \$75 a month is contrasted with one of an elderly lady contentedly rocking and knitting. These have proved striking for audiences since they are arranged in the form of a book and the contrast is obtained by simply turning the page.

A picture on retirement plans shows a voracious looking shark whose mouth opens. A member of the audience is asked to insert his hand in the open mouth. He pulls out adding machine

tape about six feet long carrying large dollar figures and the message that between \$500 million and \$2 billion is lost each year through investing in fraudulent schemes.

At the end of the earning years, at 65, a man is confused and desperate unless he has financial security. A picture shows a man looking around him with no way back over the bridge that lies broken behind him, for in the business of living there is no second chance.

### BOILED FROG

Efficiency and skill diminish imperceptibly with the years. You don't realize it is happening until it has occurred. A placard shows a frog in a pan of water. Scientists say that if a low flame is lighted under the pan of water, the frog will stay in it until he slowly boils to death. He could have jumped. Human beings while young can jump on the bandwagon of retirement but most of them don't. They choose to "boil to death" financially, and at 65 they're "cooked."

At this point Mr. Schick calls attention to a colored ribbon (tied on before the meeting) on each chair in the audience (or on the spoon handles if it is at a dinner). These ribbons are in three colors and dramatize the financial history of 50 men from age 25. (The number depends on the size of the audience.) Out of the 50, at age 65,

15 feet, until Mr. Schick points it out, saying that for large segments of the population, who are like the hare, their earning years slip away unnoticed.

HE COULD HAVE JUMPED



SO COULD YOU!

Men who wait too long to make retirement plans are like the frog that fails to jump.

One picture shows a prospect looking into the future—himself in a nebulous cloud. In the next picture the agent puts the telescope of salesmanship to the prospect's eye and brings into focus clearly and grimly the old man he will be tomorrow.

Advertisements from newspaper want (CONTINUED ON PAGE 24)



PERHAPS I AM RATIONALIZING BUT IT SEEMS TO ME OUR BUSINESS ALWAYS GETS A LUCKY TURN THE MOMENT A LUCKY TURN IS WELCOME.

AT ALMOST THE MOMENT WE WERE BEGINNING TO FIND THE GOING, SHALL WE SAY, COMPARATIVELY HARD, along comes a tax-payer's pay raise of about 4 1/2 billion coupled with a continued shortage of consumer goods, a situation which will hold the sales line high.

DO YOU REMEMBER WHEN WITH THE BEGINNING OF WORLD WAR II, we were wondering what to do when our best market of 10 million men went into the service,—but high incomes and consumer shortages gave us our best years.

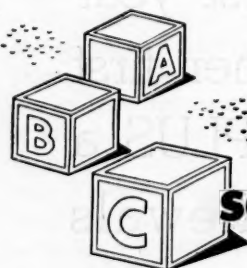
THEN JUST BEFORE WORLD WAR II, high taxes and low investment yields provided a powerful sales story. And, despite our distress over heavy death taxes, they have opened the way to the sale of millions of insurance.

IN THESE SITUATIONS, I SEE A TRIBUTE. FIRST TO THE POWER OF LIFE INSURANCE TO SERVE UNDER CHANGING CONDITIONS, SECOND TO THE VERSATILITY OF THE AGENT IN QUICKLY SHIFTING HIS SALES STORY TO HARMONIZE WITH CHANGING CONDITIONS.



PAUL SPEICHER  
Managing Editor

THE INSURANCE  
RESEARCH & REVIEW SERVICE  
INDIANAPOLIS



SELL  
SOMETHING  
SIMPLE

THESE are days when buyers expect a simple sales story.

Perhaps that's why they're fast making Occidental's new Income Protection plan a best seller.

When a man tells how much more income his family will need and for how long, one look at the rate book tells how little it will cost him. No fancy figuring needed.

This plan pays any selected income for any selected period of 10 to 50 years. It will pay a diminishing income if desired. It can be sold with or without a chassis policy.

That's the whole story of Income Protection—so simple that buyers forget to say "no".



ccidental Life  
INSURANCE COMPANY of CALIFORNIA

V. H. JENKINS, Senior Vice President

"WE PAY AGENTS LIFETIME RENEWALS — THEY LAST AS LONG AS YOU DO"



The bag opens up to scatter all the bills that come with the Grim Reaper.

18 will be dead, five rich, well-to-do or self-supporting, but 27 will be dependent. The dependents are "in the red" and have the red ribbons. The gold is for the well-to-do, and the black is for the dead. This idea can be used for agency meetings on retirement income.

### Tortoise Wins Again

To dramatize the income problem in old age, Mr. Schick suspends on wire in front of the room large figures of a hare and a tortoise. The hare is smoking a cigar. The smoke attracts attention as it rises from the stogie. The hare is a conceited-looking fellow sitting in an arrogant pose and wearing a high silk hat.

The hare says that he can make more money on an investment almost overnight than he can through "your little 2 1/2% earnings on a life insurance proposition in a lifetime." Mr. Schick then seemingly dismisses the point by saying that he will leave the figures hanging there to help his audience remember the age old fable as he goes on with his talk. However, as he speaks the tortoise is imperceptibly moved by an assistant backstage toward a strip on the wall which reads "Financial Security." From 80 to 90% of the audience fails to notice that the tortoise has reached the goal, a distance of about

## Actuaries Study Direction of Group Definition Changes

A considerable portion of the opening session of the annual meeting of the American Institute of Actuaries in Chicago was devoted to group insurance underwriting problems and in many respects was a carryover from the hearing on group insurance of the N.A.I.C. life committee participated in the previous day by many of the actuaries present.

Henry Beers, Aetna Life, was the first speaker in the informal session and traced the directions toward which both industry representatives and the commissioners seem to be moving in revising part four of the group definition.

Mr. Beers commented that there have been few complaints about those groups permitted under section 4 which truly fulfill collective bargaining functions and are permitted by the section to trustee where the premiums are entirely paid by employers. He indicated that insurance companies have largely lost enthusiasm for correspondent bank groups and no amendments are planned for this class because its drop in popularity has made it very little of a problem. The areas around which proposed amendments center are professional association and trade association groups, according to Mr. Beers. Apparently there is fairly general agreement between the commissioners and industry representatives that one employer or more, and one union or more should be allowed to appoint a trustee for a group. The definition now specifies that there must be two or more employers and two or more labor unions to appoint trustees for a plan.

There was inclination on both sides to permit part of the premiums in a case to be paid by the employer and part by the union itself, Mr. Beers indicated. He made it clear that this did not mean that the individual employee would contribute.

In order to eliminate "fictitious" professional groups, those present at the N.A.I.C. hearing seemed agreed that there should be some requirement that an insured employer devote time to the business. A suggested amendment that seemed valid to most was that a policy must cover five employees per employer.

There was considerable opposition from the industry to limiting group insurance to a maximum of \$5,000 in insured cases, except with evidence of insurability, Mr. Beers indicated. There was testimony that it is as sound underwriting to write \$20,000 group on an executive making \$10,000 or more a year as it is to write \$5,000 on his employees. There seemed to be strong sentiment all around for limiting coverage on employers to 2½ times that of the average employee.

### Conversion Change Looms

Mr. Beers indicated that a change may be expected in the present rule which limits conversion to \$2,000, after five years in force, regardless of the amount of coverage. The commissioners wanted to allow conversion to \$1,000 if in force one year and less than two; to \$2,000 if in force for two years; \$3,000 for three years; \$4,000 for four years and \$5,000 if in force five years or longer. Mr. Beers commented that this would substantially increase the number of conversions. The industry favored limiting conversion after termination of the master contract, to \$3,000 for policies in force at least three years.

Mr. Beers reported that the commissioners had urged the industry to study whether conversion should be allowed to term insurance as well as to level premium insurance and whether the employee is entitled to notice when a group is cancelled.

A report by Edward M. Neumann, Prudential emphasized the unusual caution which must be applied to trusted

group cases. Prudential insists on a strong central source of collection and trustees who are looked up to and have some power. He indicated that his company insists on a minimum number of 1,000 lives with a minimum average number of lives per employer of from eight to 10, to insure that the employer is not installing the group merely to get coverage for himself.

Mr. Neumann said that in the interest of predicting future costs, a sharp reduction in the amount of coverage at 65, and an end to coverage at retirement is necessary. There is danger in associations of small employers, because pro-

prietors remain in active control of their businesses long beyond the usual retirement age of an employee. He emphasized the Prudential concept that it is socially desirable to provide group insurance for employees of small employers.

George A. Cooke, Canada Life, declared that the group field presents the problem of how to control its expanding operations without totally hamstringing legislative regulation. He put it up to the companies to keep group on a sound basis and to resist the temptation to write everything in sight. In this connection, he reported that Canadian Assn. of Actuaries has prepared a stand-

ard manual of group insurance practices which is designed to explain underwriting restrictions to fieldmen.

### State Mutual Men on Tour

Carl Whitman, supervisor of group sales of State Mutual Life, visited Dallas, Houston, and San Antonio with J. Henry von Pein, Texas group representative.

Robert H. Denny, vice-president and superintendent of agencies of State Mutual, also toured Texas cities and went on from there to the west coast.



**THERE'S ROMANCE** even in the name of Tecumseh Kilgore. It makes you think of the days when protection meant muskets fired from behind a circular fortress of covered wagons . . . when Indian arrows rent the canvas tops, and women and children huddled together in fear of both the present and the future.

As a Union Central representative for almost 40 years now, Tecumseh Kilgore has made protection of women and children his own personal business. His policyholders are legion and loyal. They are from every prospect group.

Back when he started his career and used a horse and buggy to get around to see his prospects, Mr. Kilgore specialized in writing life insurance on farmers. Today, most of his sales are to manufacturers, business and professional men. He is an inspiration to his colleagues in the South Bend, Indiana, Agency, for his technical knowledge of the business is surpassed only by his understanding of the real philosophy of life insurance.

The Union Central is very proud of Tecumseh Kilgore and its many other agents throughout the country who have devoted their lives to the Company and its policyholders. And the many years of faithful service they have rendered are not being forgotten by The Union Central.

★

### Money Every Month . . . for the Agent

Through a liberal Pension Plan devised by their Company, substantial monthly checks go to qualified members of The Union Central Quarter Century Field Club who have reached retirement age after 25 or more years of continuous service. This plan means security for The Union Central Agent who has made a career of providing security.



**THE Union Central LIFE INSURANCE CO.**  
CINCINNATI, OHIO



# How the 1948 Tax Law Affects Estate Situations

By JOHN H. OVERBECK, JR.

Following is the second and final part of a talk given by John H. Overbeck, Jr., partner in the Chicago law firm of Millett, Lewis & Ross, before the Jamison & Phelps agency of Northwestern Mutual Life in Chicago. The first part appeared in last week's issue.

11. Brown by his last will devises Blackacre to his aged mother as long as she lives and the remainder in fee to his wife, Mary. Although an interest in Blackacre passes to someone other than Brown's wife, the marital deduction is allowed as the interest passing to Brown's wife is not a terminable one. She has the remainder rather than the life estate and she can't be deprived of that. The fact there is a life estate given to Brown's mother does not defeat the marital deduction. Of course, the amount of marital deduction will be decreased by the value of the life estate to Brown's mother.

12. Brown by his last will directs the executor of his estate to purchase an an-

nuity contract for his wife to provide her with an annuity for as long as she lives. No marital deduction is allowed for the interest passing to Brown's wife because of that provision of the act which I mentioned, as Brown has directed his executor or trustee to purchase an interest which is terminable for his wife. Therefore, the marital deduction is disallowed. If instead of directing the purchase of a life time annuity contract, Brown had directed the purchase of a contract to pay an annuity for a term of years, the marital deduction would still be disallowed.

## OPTIONAL SETTLEMENTS

13. Brown leaves \$100,000 of life insurance to his wife on the interest option with the provision that at her death the proceeds will be payable to his children who are living at the time of his death. His wife is also given the right to withdraw the full amount of proceeds at any time she wishes or select any in-

stallment option any time she wishes. This is doubtful. The interest of the wife would appear to be terminable because of the last sentence of section 812(e) (3), which provides that if upon any contingency it can pass to somebody else, for the purpose of the act, it will have been regarded as passing to somebody else. The Senate committee report states that except as provided in certain paragraphs, if the surviving spouse is given an interest in property and power to appoint any part of such interest, the probable appointee and takers in default of appointment are considered as persons to whom an interest passed from the decedent.

Although the wife would have the full power to withdraw the proceeds any time she wanted, it will be assumed she won't withdraw them and they will go to the children and somebody else other than she would then have an interest in the property. Accordingly, it would appear that a marital deduction would not be allowed in this case. Even though the wife were given the additional power to appoint the proceeds payable after her death, it would appear that a marital deduction probably is not allowable. Now you might say, "Why wouldn't it be allowable there?" because we said before that an exception to the exception arises when the proceeds are payable to the wife over a period of years and she has the power to appoint at her death any payment which have not been paid in full. The reason is that the term proceeds probably refers to the insurance itself as distinguished from just the interest factor on the proceeds.

The Senate committee report indicates that in order for this section referring to insurance to apply, the amounts payable to the surviving spouse must be in installments which have the effect of reducing during her lifetime the aggregate proceeds of the policy available for future distribution. "I think the moral is fairly clear. It might be possible to leave a policy on the interest option and still get the marital deduction. Frankly, I don't know. But the clear course is, if you want to get the marital deduction, don't leave it on the interest option. You can leave it outright to the wife, of course, and she can select the interest option after the husband's death and that is perfectly all right. What she does after his death doesn't affect the marital deduction."

Now, of course, I am talking about the maximum tax savings. There might be very good human reasons for leaving it on the interest option to overcome the tax disadvantage. Or, it might be possible and expedient to take full advantage of the marital deduction with property other than the insurance. But in a great many cases the insurance would be the best property to use to take full advantage of the marital deduction.

## Common Disaster Provision

14. Brown in his last will provides that all his property shall go to his wife if she survives him by three months. But if she doesn't survive him, such property shall pass to X charity. Brown dies and his wife survives him by more than three months. The marital deduction is allowable. Although the interest is a terminable one and thus the deduction would ordinarily be disallowed, the situation is saved by section 812 (e) (1) (D), which covers that particular case. For that to come into play, of course, the wife actually has to survive this period. If that provision was in the will and she didn't survive the period, then the marital deduction wouldn't be allowed because nothing would go to her.

I think it is regarded generally as pretty smart in the insurance field to put a joint disaster clause in an insurance policy, and it is also so regarded in the legal field in regard to wills. However, such a clause may result in a tax penalty. Assume you put such a clause in a large insurance policy and also assume, to get a good case, that the insurance is the only thing for which the marital deduction would be allowed. The insurance goes to the wife outright and the will gives her a life interest in

a trust with remainder to the children. We are using that insurance to get the marital deduction. The husband has a large estate and the wife has no estate. They die as the result of a joint disaster. The husband dies first. Two hours later the wife dies. As a result no marital deduction is allowed. If you hadn't put that clause in there, the property would have passed to the wife and the marital deduction would have been allowed. The insurance proceeds would, of course, have been taxed in the wife's estate, but there would have been a smaller tax.

## Avoids Terminable Interest Rule

15. Brown by last will and testament devises Blackacre to X National Bank as trustee with directions to the trustee to distribute the entire income of the trust estate annually to his wife, Mary, for as long as she shall live. It further provides that upon Mary's death the entire trust estate shall be paid over to whomever Mary may appoint, including her estate, by her last will and testament and upon failure to make any appointment to Brown's children who are living at Mary's death. The marital deduction is allowable.

That is a typical example. Although the interest is terminable, the trust is worded in such a way that it falls within the exception to the terminable interest rule. Nothing can be paid but to Mary and the income has to be paid at least annually.

16. Brown dies leaving \$100,000 of insurance payable to his wife under the annuity option with 20 payments certain. The first annuity payment is to be made within one year of Brown's death and annual payments are to be made thereafter. The settlement option further provides in the event of the death of Brown's wife prior to the time all of the payments certain are paid, the remaining payments certain shall be made to whomever she may appoint, including her estate, and upon failure of Brown's wife to make any appointment, any unpaid installments certain shall be paid to Brown's children who are living at the death of the wife. A marital deduction is allowed. It was worded very carefully to come within the exception but the fact is that no one of you probably has an installment option worded that way because it just wasn't customary to do it. In fact, it wasn't smart to do it. You very deliberately refrained from doing it because by doing it you made the amount left to the wife includable in her estate and you didn't want to do that.

17. Jones by his last will and testament left one-half of his residuary estate to his wife Mary. After payment of funeral expenses and administration expenses and claims against the estate, there was left in the residuary estate \$400,000. Although Jones' will left one-half the residuary estate to his wife, the estate is not entitled to a \$200,000 deduction because it is first reduced by state inheritance tax and federal estate taxes because in determining the marital deduction there must be taken into account the effect of any inheritance or estate tax upon the net value of the interest to the surviving spouse. The amount of the deduction cannot be known until the amount of the estate tax is ascertained and the amount of the estate tax cannot be known until the amount of the deduction is ascertained. There are two unknowns and the tax has been computed on the basis of algebraic formula.

## Lists Conclusions



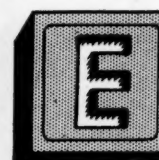
Here are some conclusions which I would like to go over:

1. Substantial savings can ordinarily be realized if the advantages offered by the new bill are utilized.

2. To take advantage of the provisions of the new bill, it would be necessary to completely replan most estates.

3. Estate planning will require exercise of more diligence than has been

(CONTINUED ON PAGE 16)

is for

# ENTHUSIASM

If you want to do a good public relations job for yourself and your business... be enthusiastic about life insurance. Be proud of the service you offer. Be best known in your community as a life insurance salesman. If you constantly reflect sincerity and enthusiasm, your friends and acquaintances will know how you feel about the value of the service you offer!

*This is one in a series of public relations hints prepared for California-Western States Life career underwriters. It is being published in insurance magazines in the hope that it may contribute in a small way to the constant betterment and growth of the entire institution of life insurance.*



## California-Western States Life Insurance Company

A Company of CAREER Underwriters • HOME OFFICE SACRAMENTO

## Spindell Tells How to Utilize Marital Deduction

### Tax Expert Speaks at Mich. Leaders Group Annual Meeting at Detroit

DETROIT—The Treasury considers the estate tax marital deduction allowable on proceeds left at interest where the remainder is payable to the widow's estate, and the joint congressional committee on taxation has just approved an amendment permitting the marital deduction where the settlement is on the interest option with power in the wife to appoint the remainder to her estate but insurance will not qualify if proceeds are left on the interest option even with a complete right of withdrawal, if the proceeds are to be paid on the widow's death to other beneficiaries, Robert F. Spindell of the Spindell-Millett Service, Chicago, told the Michigan Life Leaders at their annual meeting here.

Mr. Spindell said that under the present law it is immaterial whether the widow has the power of withdrawal or not, for it is the power over proceeds upon her death that is determinative. This is unfortunate, he said, and it is hoped that the law can be amended to provide that the marital deduction will be applied to proceeds where the widow has power to appoint them during her lifetime and such power is defined to include a power of withdrawal.

#### Would Require Widespread Changes

Mr. Spindell pointed out that if the law is not changed almost all of the settlement options used in the literally hundreds of thousands of insurance contracts of individuals with taxable estates will have to be changed if the policies are to qualify for the marital deduction.

The marital deduction is available for life insurance proceeds under the new law where they are payable in annual or more frequent installments and where the widow has the power to appoint the remainder of the proceeds to her estate. The same rule would apply where the policies are payable in installments to her during her lifetime and upon her death the unpaid installments are payable to her estate. Also, if the proceeds are payable to the surviving spouse in installments for a fixed term or for life only, or for life with a term certain guaranteed and if the unpaid installment are payable to her estate upon her death, then the insurance proceeds qualify for the marital deduction, Mr. Spindell said.

#### Use of Two Trust Estates

Discussing the effect of the new tax law on estates, including both the general estate and life insurance, Mr. Spindell said that the maximum estate tax saving will generally be achieved in a substantial estate by leaving part of it to the wife either outright or in a testamentary trust and the other half in an irrevocable trust which will not be taxable to the wife on her death. If it is desired that the wife shall have all of the income of the trust estate during her lifetime, the will should provide for two separate trust estates, using a common trust fund, one of which will qualify for the marital deduction and the other of which will not.

"Here is a place, where you can utilize life insurance as the best method of working out the most ingenious plan yet evolved out of the new tax law so far as we have observed," he said.

"Where it is desired to leave the entire income of the estate to the widow for life, divide the trust estate into two equal parts. The first trust estate will provide for the payment of income and fixed amount of principal to the wife each year during her lifetime. The second half will be held in a cumulative or discretionary trust, where the income will be accumulated until the wife's death or distributable by the trustee. Assuming the wife has the appropriate expectancy, the income of the second trust over many years will accumulate so that by the time of her death it will have made sufficient addi-

tions to the second trust estate to substantially offset the depletions of the first trust estate. Upon her death, only the remainder of the first trust estate will be subject to tax, and the gap caused by her depletions of the first trust will be filled by the additions in the second trust. It will be apparent to every advanced life underwriter that the best mode of dissipating both life income and principal for the support of the widow will be in the form of life insurance on settlement options. The income could be guaranteed to the wife for life with fixed installments, so that she would be

taken care of in any event until her death. In other words, life insurance is the perfect vehicle for working out this type of plan."

Discussing the desirability of leaving the residuary estate equally between the wife and the children and having each bear its share of the estate taxes, Mr. Spindell mentioned the advisability of leaving the bulk of the insurance to the widow so that the aggregate of the marital deductions might be as high as possible. Since there are two unknowns involved, the result can be determined only by the use of an algebraic formula (CONTINUED ON PAGE 21)

# What's back of a sale?

The Ohio State Life is known as a sound and progressive company. Look at this five year record: Insurance owned by policyholders increased 56%, resources increased 63%, and the surplus for extra protection of policyholders increased 50%.

The general agency managers of our company have practical sales experience. They have complete training equipment from which both new and experienced men can benefit. This experience and equipment make possible "on-the-job" assistance and better salesmanship.

The Ohio State Life underwriter has field tested sales plans. He is assured of an audience through the appeal of one of these plans: The combination sales plan, known as well as the "OD", the "Assured Security", Social Security, "Mortgage Protection", or Programming. All these are complete merchandising plans.

An Ohio State Life underwriter is provided a means whereby he can have the comfort and security of a "guaranteed income", even though commissions are the basis of earnings. Lifetime income is an important part of the contract.

## ENTHUSIASM

A prime characteristic of a successful salesman is enthusiasm--enthusiasm born of

- his belief in the value of life insurance
- his confidence in his Company
- his knowledge and skill in presenting life insurance as the solution of financial needs.

One of the purposes of Oslico training is to help men to become enthusiasts.



**THE OHIO STATE LIFE**  
*Insurance Company*

Claris Adams, President Frank L. Barnes, 1st V.P., Agency Director

**COLUMBUS, OHIO**

## Minnesota Mutual Regional Shows Advanced Methods

Minnesota Mutual's agency department has worked out a very effective way of using slide films for telling the story of the company's operations. It was used at the regional meeting for some 250 agents of the central states held for four days this week in the Edgewater Beach hotel, Chicago.

This was the second in a series of four regionals that will be completed next week. The first meeting was held last week at the old Hearst Ranch 30 miles south of San Francisco; the third will be Friday and Saturday in the Cavalier hotel, Virginia Beach, and the last one Monday and Tuesday at Hot Springs, Ark. President H. J. Cummings and a contingent of home office agency department men are attending all the gatherings. Chairman T. A. Phillips attended only the Chicago sessions, where he was chief speaker at the banquet Tuesday night.

In the caravan besides President Cummings are Alan D. Harmer, director of agencies; J. W. Gladders, superin-

tendent of agencies and W. J. Hadlich and D. H. Lucas, assistant superintendents, and Arthur W. Theiss, director of publicity. Newell R. Johnson, vice-president, former Minnesota commissioner, was present at the Chicago meeting; C. R. Anderson, vice-president and secretary, and C. L. O'Brien, underwriting vice-president, were at the California gathering.

H. W. Allstrom, vice-president, will be at Virginia Beach meeting while Norman H. Nelson, vice-president, and Walter J. Rupert, vice-president and actuary, will go to the Hot Springs meeting.

The slide projector was used to illustrate talks: Mr. Harmer on the soundness of the institution of life insurance and Minnesota Mutual; by Mr. Theiss on the humanness of the company; by Mr. Hadlich on the things it has for sale; by Mr. Lucas on selling aids it has developed, and by Mr. Gladders on the compensation, club credits and pension plans for agents. These expositions were tied together by President Cummings.

### Makes Interesting Story

The talks demonstrated that Minnesota Mutual has an unusual variety and range of merchandise and working

tools, including some quite original visual selling aids which have proved highly effective in the field, particularly in getting new agents started quickly in production, giving them a track to run on while they pick up the finer points of life insurance selling through the company's training course.

They also showed the company's great growth, especially in the last 10 years. In 1921 Minnesota Mutual had about \$77 million of business in force, \$8



T. A. Phillips



H. J. Cummings

million assets, \$450,000 surplus and operated in but 12 states with 19 agencies; now it has the objective of a billion in force in 1952, operates in some 30 states, and has more than 80 agencies.

The directors were introduced to the agents by Mr. Theiss by means of portraits projected on the screen. They represent an unusual array of business talent in high places.

### Comments on Interest Rate

Mr. Harmer said the interest rate appears to have just about leveled off after a downward trend for a number of years, and Minnesota Mutual earned just about the rate required to meet contractual obligations. He believes excess interest should become a source of profit in the future although in 1947 it was a negligible factor. He analyzed the soundness factors in life insurance and showed that the company was high in these elements among the 50 leading stock and mutual companies. It reduced its bond holdings last year from 60% of assets to 51½%; mortgage loans were up 10½ cents on the dollar. There is no unsold real estate held, and the home office building is carried on the books at \$282,000 although it is felt to be worth twice that, a factor which leaves hidden assets.

In the first day's sessions, Mr. Theiss discussed the market for life insurance and prospecting; Mr. Hadlich stressed the need for and benefits of conservation work by agents.

### Cummings Recapitulates

President Cummings summed up the gathering in the final business session and then gave one of his inspiring extemporaneous talks. He said success does not come easily. Agents simply won't see 10 new people a week, he said. Studies at the home office show that the average agent works about an hour 6½ times a week. If he would have 10 instead of 6½ interviews all of his financial troubles would vanish.

"Can you manage you?" was his theme. "The difference between the most successful man and the greatest failure is that the successful one makes himself do the things which both do not like to do."

He said he would "like to have agents sentenced to death and then reprieved by the governor a week at a time, subject to their seeing 10 people in the week about buying life insurance."

### Voids Creditor Exclusion

The appellate division has upheld the New York supreme court's decision that section 116 (formerly 55a) of the insurance law does not protect a wife's interest in an insurance policy against the claims of creditors where the insured in 1923 changed the beneficiary from his wife to his estate and in 1944 again named his wife as beneficiary. There was no opinion.

## Franklin Life Makes Three Appointments in Chicago

Franklin Life has appointed Gerald C. Wartell general agent in Chicago with offices at 120 South La Salle street. Al Greene has been named district manager at Chicago for Franklin with offices in the Insurance Exchange building. Rudy W. Weber has been named district manager and will operate out of the regional office.

Mr. Wartell has been district manager for Franklin Life at Chicago since 1941 and has built a sizable organization. He joined Franklin earlier that year as manager of the guaranty life annuity department at Chicago. He held an open house in his new office which was decked with flowers for the occasion. Mr. Weber has for 21 years been with John Hancock as manager of the Lakeview district. Mr. Greene has been general agent for Security Mutual of Binghamton in Chicago for four years. He started with Penn Mutual and was with that company eight years. He produced a million dollars worth of life business personally in the past year.

## Baker Succeeds Kee

W. C. Baker, Jr., has been named manager of General American's district office in Warrensburg, Mo., succeeding F. M. Kee. Mr. Baker joined the Kee agency as office manager about a year ago.

**KERNELS**  
From the heart  
of the Midwest

Where Ambitious Men  
Grow With A Strong  
MUTUAL COMPANY

### Plus

Service . . . Over Half Century  
Insurance . . . Over Quarter Billion  
Assets . . . Over Ninety-five Millions  
Surplus . . . Nearly Eight Millions

### Plus

Very Low Policyholder Net Cost  
Top Financial Rating  
2½% Full Reserve Basis

### Plus

Effective Career Training  
Wide Range of Policies — 0 to 65  
Friendly Home Office Contact  
Very Liberal Agency Contracts

The development of successful  
career men is the most impor-  
tant objective for Underwriter  
... General Agent ... Policy-  
holder ... and Company alike



**CENTRAL LIFE ASSURANCE SOCIETY**

Home Office (Mutual)  
DES MOINES, IOWA  
1896 1948

Paralleling our interest in  
our Policyowners is our inter-  
est in our Field Associates

**THE OHIO NATIONAL LIFE  
INSURANCE COMPANY**  
Cincinnati, Ohio

### Three Chicago

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SOCIETY

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1948

## Middleton Heads Ohio Federation

**COLUMBUS**—A new constitution was adopted and new officers elected at a reorganization meeting here of Insurance Federation of Ohio. Frank R. Middleton, National Surety, Columbus, was named president. The fire, life, casualty and surety, and accident and health groups each selected a vice-president, members of a governing committee and each a sectional committee. Homer Trantham of Columbus is secretary-treasurer and counsel of the federation.

Clyde B. Helm, secretary of Insurance Federation of Minnesota said organized effort in the insurance business has become more important as a result of the U. S. Supreme Court decision declaring insurance to be commerce. He said insurance industry must do a more thorough job of education, both within and outside the industry, and stressed the necessity of seeing that all insurance laws and regulations are thoroughly understood by the public and properly administered. He feels that the Insurance Federation is the vehicle best suited for performing that service.

Mr. Helm expressed the belief that the best way to prevent further inroads in insurance by the government is to give the public, including lawmakers, a "complete and honest picture of the workings of the new insurance conceptions." He expressed the belief that only by so doing and by thoroughly organizing all branches of the insurance business can the trend towards governmental domination and control of insurance be halted.

Pointing out that the Insurance Federation is composed of representatives of all types of insurance, Mr. Helm said it is the one organization available for the united cooperation of all insurance interests.

Vice-presidents elected are: Life, Claris Adams, president Ohio State Life; fire, W. H. Witherspoon, Aetna Fire, Columbus; casualty and surety, O. P. Ruffing, Travelers, Columbus; accident and health, W. G. Alpaugh, Inter-Ocean, Cincinnati.

### Swedish Life Executive Here Studying Methods

Bertil Holmin, agency secretary of Swedish Life of Stockholm, was in Chicago and Milwaukee this week visiting companies. He has been in the United States since March 1, learning about agents' training, programming, advertising, and company publications. He spent three weeks at Hartford and next week will go to New York, where he will visit home offices and insurance organizations.

Mr. Holmin says that life insurance production has been excellent in Sweden, 1947 showing about a 31% increase. Retirement annuity policies are particularly popular, as the premium can be deducted from taxable income. While the income is taxable when received, the annuitant is ordinarily in a lower tax bracket than when paying the premiums. Premiums must be payable over at least a 10-year period. Sweden also allows a deduction of about \$75 a year for premiums paid for life insurance. On his way west Mr. Holmin visited Midland Mutual and Ohio State Life, which have about the same insurance in force as the Swedish Life, and also Farm Bureau Life, which is sending a delegation to Sweden this year to study cooperatives.

Mr. Holmin was particularly impressed by training methods here. He hopes to develop a training system for the company's district managers so they can instruct the numerous part-time agents who constitute the bulk of the producers.

Before Mr. Holmin arrived in the United States he had some misgivings that the number of European visitors since the war might have worn out the welcome mat. However, he found that everyone was most cordial and coopera-

tive in telling him what he wanted to know, a reception for which he expressed the warmest appreciation. He acquired a trunk full of material on the subject he was studying, making it necessary for him to return by steamship, which he plans to do the latter part of this month, rather than by plane as he originally planned.

### Move Chicago NSLI Office

The veterans administration insurance branch office No. 7, covering Illinois, Indiana and Wisconsin, is moving from 615 West Van Buren street, Chicago, to 17 North Dearborn, where the rest of the VA branch office is located. Lincoln C. Cocheu, Jr., is director of insurance service for the branch. Before his war service in the navy he was with the social security board and Metropolitan Life.

To speed up handling of premium remittances by eliminating the need of sorting them out from the rest of the branch's mail, insured are being asked to send their premiums to box 7600, Chicago 80. However, all other mail, including correspondence about insurance, should go to 17 North Dearborn.

Premiums on approximately 95% of policies are being acknowledged about as promptly as in commercial companies, according to Mr. Cocheu, the

remainder where there is delay being mainly cases where the insured fails to send in sufficient information to enable VA personnel to identify him, or where he has moved from another district and fails to indicate to what office he had previously been paying his premiums.

### Morphine Death "Accident"

The U. S. court of appeals, 10th circuit, has upheld the federal court in northern Oklahoma in granting accidental death benefits to two beneficiaries under a New York Life policy on C. E. Cooper. The insured died of sepsis due to empyema following respiratory collapse and pneumonia due to morphine injections given by a physician to relieve pain brought on by a kidney stone attack. The company contended that death was not the result of bodily injury effected through external, violent and accidental means but was the result of taking poison, which was excluded under the contract.

### Tell Career Opportunities

Sales and home office opportunities in property-casualty and in life insurance were the topics of four speakers in a career conference sponsored by Illini Insurance Society on University

of Illinois campus. What the insurance business has to offer as a career was described to about 100 students by W. J. Hindman, personnel manager of Lumbermen's Mutual Casualty; Paul Abbott, director of education of North America; Walter Leck, general agent State Mutual Life, Chicago, and Howard Altop, vice-president and personnel manager, American United Life.

### H.O.L.U. to Meet May 26-28

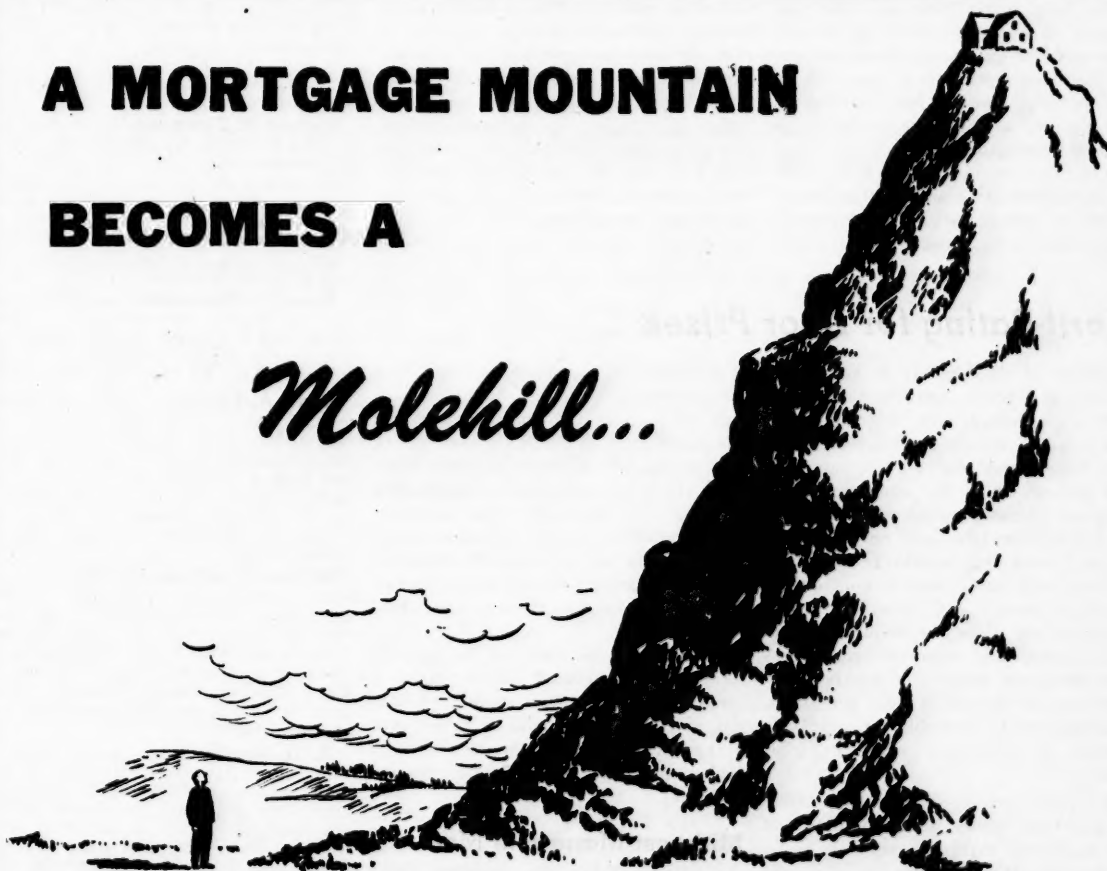
The annual meeting of the Home Office Life Underwriters Assn. will be held at the Mount Royal hotel, Montreal, May 26-28. General sessions will be held the first two days. Industrial underwriting is on the agenda for the morning of May 28, and occupational underwriting will be discussed that afternoon. W. Nelson Bagley, Travelers, is chairman of the occupational committee. T. Frederick Brunton, John Hancock, heads the industrial committee.

### Reynolds Joins Shelnutt

J. L. Reynolds has been appointed supervisor in the Shelnutt agency of American National at McAllen, Tex. He was formerly with Mr. Shelnutt when the latter headed the McAllen agency of Republic National.

## A MORTGAGE MOUNTAIN BECOMES A

# Molehill...



... when The Prudential's new mortgage rider is used with the Company's low cost Modified Life 3 plan.

Don L., a young family man, age 30, with a 20 year \$12,000 mortgage, was amazed to find that he could obtain complete mortgage protection for about 1% of the amount of the present mortgage. And this included \$5,000 of permanent protection which would provide him a cash retirement fund of \$2,885 at age 65.

Yes, this combination reduces a mountainous mortgage problem down to a molehill of a premium. No wonder Agents, Brokers, prospects and policyowners like these Prudential riders on new Prudential policies.

## THE PRUDENTIAL

A MUTUAL LIFE INSURANCE COMPANY



## INSURANCE COMPANY OF AMERICA

HOME OFFICE . . . NEWARK, N. J.

## EDITORIAL COMMENT

## More UCD Plans in the Offing

It would not be surprising to see quite a flood of cash sickness benefit proposals in the many states that don't now have them, particularly if the New Jersey plan goes through at this session of the legislature. This is an "off" year for legislatures but in 1949 the great majority will be in session and there is sure to be widespread agitation for cash sickness plans.

Insurance people are by now reconciled to the inevitability of such plans but feel that a plan on the New Jersey pattern is something they can live with. Moreover, since nearly all the other states where efforts could be made to introduce such a plan do not tax employees for contributions to the unemployment benefit fund it should be possible to equalize the load between employer and employee more than under the New Jersey plan. The experts say this would be desirable.

The New Jersey plan calls for payment of three-quarters of 1% by the employee and one-quarter of 1% by the employer. This represents a reduction for the employee, who has been paying 1% into the fund as his share of the unemployment compensation load but probably in other states, where employees pay no unemployment compensation tax, it would be difficult to sell employees the idea of paying more than one-half of 1%

of payroll for cash sickness benefits.

Another advantage of splitting the load half and half is that it would give more play to merit rating. The employer's contribution is the only part that is merit-rated and one-quarter of 1% would in many cases not be enough to give the employer the full benefit he should get. Some employers might have such a good record that even giving them back the full 25% of premium that they had contributed would not be enough.

Another weak point that might be improved in future plans is the relating of benefits to past wage history rather than to current earnings. Insurance company practice is in general to relate benefits to what an employee would earn if he were able to continue on the job, not to what he actually earned at some period in the past when his pay may or may not have been in line with what he currently makes. The difficulty with linking benefits to present earnings is that since the unemployment records are kept on a past history basis a change would mean keeping an extra set of records. However, there are some indications that unemployment compensation people are not too happy about the system of relating benefits to past earnings, so perhaps there is reason to hope for a more realistic basis.

## Merit-Rating for Door Prizes

Instead of door prizes at sales congresses and other meetings at which there are speeches, why not offer alertness prizes? Before the final speaker's talk there would be a brief intermission during which the audience would be given mimeographed slips containing a brief true-false quiz on what each of the preceding speakers had said. Tellers could score such a quiz during the final speech and have the results ready by the time the meeting ended.

If there were more perfect scores than prizes it would be necessary to determine by lot who should get prizes. Drawing would probably be necessary anyway to determine who got what prize.

A variant or possibly a supplement to this plan would be to announce at the beginning that each speaker would unobtrusively weave into his talk one definitely erroneous statement and that there would be a drawing for a special prize among those with perfect scores but that could probably be taken care

in spotting these planted errors. This scheme would have the double advantage of keeping the audience attentive and putting the speakers on their guard to make no off-the-beam statements except the one they were deliberately planting. The possibility that a considerable number of his audience might pick him up on a cockeyed statement made in all good faith should be enough to keep any speaker from getting careless.

Of course, the risk of having the wrong error spotted might make a speaker make his plant unduly obvious but that probably could be taken care of by giving prize to the speaker who fooled the most people into missing the plant.

## Midwest Managers Meet

Managers from nine midwest states attended a meeting at the home office of Mutual Benefit Health & Accident and United Benefit Life to mark the 30th anniversary of the parent company and the 69th birthday of President Criss.

## PERSONALS

**E. Frank Andrews** of the Greensboro agency of Jefferson Standard Life, has qualified for the Million Dollar Round Table for the fifth consecutive year.

**G. N. Crow**, San Antonio, general agent of Republic National Life, has been elected president of the Highland Park Lions Club.

**Arthur F. Sisson** was a gold medal award winner in the annual business letter contest sponsored by Dartnell Corp. His letter was among the top 20 in the thousands selected on the basis of results, logical sequence, appearance and originality. He is advertising director of State Mutual.

**John S. Thompson**, president of Mutual Benefit, who will attend the centenary assembly of the British Institute of Actuaries in London June 21-25, will present a paper on American methods to provide insurance for medical and hospital care. **J. R. Trimble**, Mutual Benefit mathematician, will also attend.

**F. H. Planting**, assistant manager of Prudential at Manitowoc, Wis., was honored at a dinner marking his 25th anniversary with the company. **W. J. Heppert**, manager at Green Bay, presented the diamond service pin.

**Richard F. Gruen**, agency secretary of Home Life of New York, and Miss Mary Adaline Hoagland, who has been with Atlantic Mutual, were married at Columbus, O. The bride is a daughter of Prof. Henry E. Hoagland of Ohio State University.

**Herbert B. Thompson**, director of the life and fraternal division of the Michigan department, sustained minor injuries in a traffic accident near Lansing. His car left the highway and rolled over in the ditch. He was believed to have suffered a slight heart attack which caused him to lose control of the car. One rib was fractured.

**Earle Y. Duncanson**, assistant manager of Connecticut General in New York, has received official notice of qualification for the 1948 Million Dollar Round Table. He also qualified in 1947.

**Leroy A. Lincoln**, president of Metropolitan, was elected a director of Chase National Bank to succeed Frederick H. Ecker, chairman of Metropolitan, who had been a member for 31 years prior to resignation. Mr. Ecker will continue on the real estate committee and the advisory committee of the bank's Metropolitan branch.

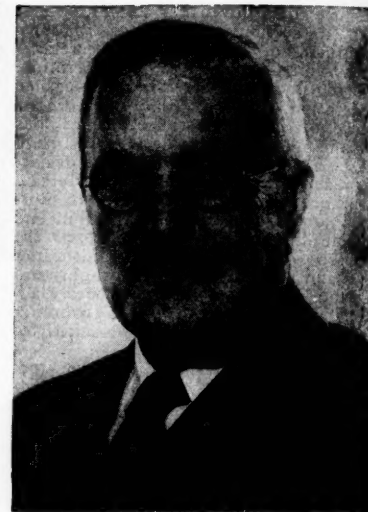
**William J. Sullivan, Jr.**, district manager at Jersey City, celebrated his 25th anniversary with Prudential. Mr. Sullivan was presented with class "E" credentials of the Old Guard, organization of company veterans, by Joseph E. Kiley, superintendent of agencies. William A. Hopf, regional manager, was also present.

**E. D. Shepherd, Jr.**, general agent of Connecticut Mutual at Houston, is still going strong after 50 years in life insurance. His son, Dale, Jr., says his father still beats him down to the office every morning. Mr. Shepherd went to Houston in 1903 to establish his agency. Previously he was in the insurance business at Keokuk, Ia. He and his son observed the 15th anniversary of their association as general agents of Connecticut Mutual May 1.

## DEATHS

## John J. King Dies in 81st Year

John J. King, who was chairman of the Hooper-Holmes Bureau, and who for many years had been one of the best known figures throughout the insurance



JOHN J. KING

area, died Sunday at New York. He would have been 81 in November. His son, Edward King, is president of the Hooper-Holmes Bureau and another son, J. Charles King, is executive vice-president.

Mr. King was born at New Haven and was educated there. He started in investigation work at Denver and later joined the investigation staff of the old Mutual Reserve Life of New York. In 1908 he became an inspector for Mutual Life, and in 1912 left to become vice-president of the Hooper-Holmes Bureau. He later became the president and general manager. During the first war he organized the investigation department of the war risk insurance bureau, and was deputy commissioner of the bureau. He was a past president of Casualty & Surety Club of New York, Insurance Society of New York, and Insurance Institute of America.

Mr. King was a hearty, robust character and was a great host on many occasions. For many years he gave a game dinner at New York during the week of the meetings of the Life Presidents Assn. and insurance commissioners, honoring the new president of American Life Convention. This was one of the prized insurance social events of the year.

Mr. King, writing in the 50th anniversary number of THE NATIONAL UNDERWRITER last year, recalled that in 1895, William DeMattos Hooper, who later was co-founder of the Hooper-Holmes Bureau, started an interchange of claims information between A.&H. companies, which he called the National Information Bureau. In 1899 Bayard P. Holmes, an insurance attorney of New York, became interested in

## THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY



Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO 4, ILL. Telephone Wabash 2704. EDITORIAL DEPT.: Managing Editor: Levering Cartwright. News Editor: F. A. Post. Associate Editors: R. B. Mitchell, D. R. Schilling, J. C. O'Connor. Assistant Editors: Richard J. Thain, John C. Burridge.

## BRANCH OFFICES IN KEY CITIES

ATLANTA 3, GA.—432 Hurt Bldg. Tel. Walnut 9801. Ernest E. Hess, Southeastern Manager.  
BOSTON 11, MASS.—210 Lincoln St. Tel. Liberty 1402. Wm. A. Scanlon, Vice-Pres.  
CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2704. O. E. Schwartz, Chicago Manager. A. J. Wheeler, Resident Manager. L. N. Yellowlee, Advertising Manager.  
CINCINNATI 2, OHIO—430 E. Fourth St. Tel. Parkway 2149. George C. Reeding, Asso-

ciate Manager; George E. Wohlgenuth, News Editor; Arthur W. Riggs, Statistician.  
DALLAS 1, TEXAS—802 Wilson Bldg., Tel. Central 5833. William H. Diack, Southwestern Manager.  
DES MOINES 12, IOWA—3333 Grand Ave. Tel. 7-4677. R. J. Chapman, Resident Manager.  
DETROIT 26, MICH.—219 Transportation Bldg. Tel. Cherry 2826. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg. Tel. Victor 9167. William J. Gessing, Resident Manager.  
MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg. Tel. Main 5417. R. W. Landstrom, Resident Manager.  
NEW YORK, N. Y.—99 John St. Room 1103. Tel. Beekman 3-3953. Editorial Dept.—Eastern Editor: Kenneth O. Force; Assistant Editors: Russell Porter and Donald J. Reap.

Business Dept.—Ralph E. Richman, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.  
PHILADELPHIA 9, PA.—123 S. Broad Street. Room 1127. Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.  
SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. EXbrook 2-3054. F. W. Bland, Pacific Coast Manager. Guy C. Macdonald, Pacific Coast Editor.

the venture and in that year the bureau was renamed the Hooper-Holmes Information Bureau.

In 1912 Mr. Hooper died and Mr. Holmes got Mr. King to join the Hooper-Holmes Bureau and to form a new commercial reporting department to operate as a companion service to the claims interchange. It was thus Mr. King who developed the Hooper-Holmes Bureau's commercial reporting service.

**Frank Nelson**, 88, former president of Commonwealth Life of Omaha, died at Long Beach, Cal. He was a native of Sweden and came to America at the age of 7. He developed real estate after moving to California and became chairman of Eagle Oil & Refining Co.

**T. K. Flack**, superintendent for American National at Houston, died at Corpus Christi following a heart attack. He had been with the company 40 years. He was a brother of J. A. Flack, Pierce Flack, and G. R. Flack, all of whom have long service records with American National.

**Dr. W. M. Bradshaw**, 64, medical director of Mutual Life, died at Roosevelt hospital, New York City. He had been with the company since 1917. He attended Princeton and took his medical degree in 1909 from Columbia.

**W. Stanley Cross**, 50, for 25 years with Metropolitan Life at Richmond, died there. At the time of his death, he was office accountant for the Lee district. Mr. Cross was a past vice-president of Veterans Assn. of Metropolitan Life.

## Informal Forums Feature Southern L.A.A. Rally

(CONTINUED FROM PAGE 1)

for the space and the company will prepare the copy. Others told of the details of their newspaper advertising and the effectiveness of it. There was a group photograph at noon, planned entertainment in the afternoon and the annual dinner in the evening, at which there was a sort of "can you top this one?" story-telling bee at which many monologues of marked histrionic ability performed.

The second business session was the liveliest and the one in which the most participated. This was especially of the forum on direct mail conducted by J. W. Childrey, Atlantic Life. He told how to persuade agents to use the material and encouraged speakers to describe the details and mechanics of their direct mail operations. Among those who contributed to the direct mail discussions were Hal R. Marsh, Jefferson Standard; Fisher E. Simmons, Jr., Pan-American; Powell Stamper, National Life & Accident; C. Russell Noyes, Phoenix Mutual; C. G. Fleming, Life of Virginia; William Section, Great Southern; R. B.

Taylor, Jefferson Standard; Cody Laird, Life of Georgia; Roger Bourland, Liberty Life; W. R. Goode, Provident Life & Accident, and C. R. Andrews, Pilot Life.

C. R. Fleming, Life of Virginia, presided at the round table on policyowner relations. He said that his company formerly published a policyowners magazine and is contemplating its revival. He noted that they had been used successfully by several combination companies. Mr. Stamper, spoke on public relations. He said that companies should make continuing studies and surveys of what to do about public relations. He declared that most companies have not practiced the doctrine of public relations.

"Publicity is what you say you are; public relations is what you really are," he said.

W. Sheffield Owen, manager ordinary department Life of Georgia closed the meeting with an inspirational talk at the farewell luncheon. His subject "The Common Denominator."

## Indiana Round Table in Session at Turkey Run

Many leading life agents of Indiana who have qualified for the Leaders Round Table are holding their annual meeting Friday and Saturday at Turkey Run state park. J. LoWell Craig, Northwestern Mutual, Indianapolis, president, is presiding. Albert Krouse, Bankers Life, Richmond, Ind., is vice-president and Henry J. Pierce, Massachusetts Mutual, Indianapolis, secretary.

On the program are Raymond A. Hilgedag, legal editor Research & Review, and Paul F. Millett of Spindell-Millett tax service, Chicago, who will discuss the new tax law and its effects on life insurance arrangements and future sales and service. They also will discuss business insurance.

Saturday certificates will be awarded, officers elected and other business transacted.

## St. Louis Tax, Estate Forum

Samuel J. Foosaner, insurance and tax attorney of Newark, will be the dinner speaker for the tax and estate planning forum to be presented jointly by the St. Louis C.L.U. chapter, Corporate Fiduciaries Assn. of St. Louis and St. Louis Life Insurance & Trust Council, May 28. Mr. Foosaner will talk on "New Tax Techniques in Estate Planning." William King, Trust Council president, will be in charge of the dinner.

In the afternoon C. Powell Fordyce, members of the St. Louis law firm of Fordyce, White, Mayne, Williams & Hartman, will talk on "The Tax Effects of Gifts" and Daniel Bartlett of the law firm of McDonald, Bartlett & Muloon, St. Louis, on "Testamentary Dispositions of Proprietorship, Closed Corporation and Partnership Interests."

Have You the Ability to

## HEAD UP AND DIRECT AN AGENCY OF YOUR OWN?

There will come a time when you must decide whether you are content to go ahead as a personal producer. Or head up an agency of your own.

There is a ceiling, somewhere, on your future as a personal producer. But if you have initiative and organizational ability, you can magnify yourself without limit by building your own business.

Continental Assurance . . . with a record of growth with few if any parallels . . . is ready to explore the possibilities of a richer, unlimited future with capable personal producers now ready to step out.

### One of Our Prominent General Agents Says:

"I would choose C.A.C. because its strength, growth and policy facilities will challenge your mettle, help you grow and keep you growing. You just can't be with a championship company and not become a bit of a champion yourself."

### ONE OF AMERICA'S FASTEST GROWING LIFE INSURANCE INSTITUTIONS

Ask for Details About Our Attractive Agency Plan



**Continental**  
**ASSURANCE COMPANY**  
CHICAGO, ILLINOIS

affiliated with

**CONTINENTAL CASUALTY COMPANY**  
**TRANSPORTATION INSURANCE COMPANY**

## SECURITY is a simple matter!

With a Bankers Mutual Life contract, tailored to your measure. An Agent's and Policyholder's Company "where the Agent reigns supreme".

**Bankers Mutual Life Co.**  
ESTABLISHED 1907  
FREEPORT, ILLINOIS



## AMONG COMPANY MEN

### Hoague Retires as New England's General Counsel; Five Are Advanced

George Hoague, general counsel of New England Mutual Life, has retired under the home office retirement plan and has been succeeded by John Barker, Jr., counsel for the last six years.

In addition to Mr. Barker the company promoted four others to higher executive rank.

Mr. Hoague had been associated with the company, indirectly and directly, for the past 47 years. Shortly after receiving his law degree from Harvard in 1898, he joined the Boston law firm of Foster & Turner, and worked with Reginald Foster, for many years counsel of New England Mutual. He also served as Boston counsel for several other insurance companies. In 1931 New England Mutual elected him assistant counsel, and after service as associate counsel and counsel, he was named general counsel in 1942.

Mr. Barker graduated from Williams College in 1927 and Harvard law school

in 1930. He joined the New England Mutual in 1936 after six years with Choate, Hall & Stewart, a leading Boston law firm. During the war he had nearly four years of naval service, the latter part as an expert in contract renegotiation work, becoming a commander.

Vincent V. R. Booth and Ralph C. Williams, Jr., both attorneys in the law department, were advanced to counsel. Mr. Booth graduated from Princeton in 1927 and received his law degree from Harvard in 1930. He joined the company after 12 years with the Boston law firm of Bingham, Dana & Gould. Mr. Williams graduated from Williams College in 1926 and Cornell law school in 1930. Prior to joining New England Mutual he had been with the New York law firm of Davies, Auerbach, Cornell & Hardy for 11 years.

John W. Ayer, manager of the claim department, who joined the company



Left to right: John Barker, Jr., Vincent V. R. Booth, Ralph C. Williams, Jr., John W. Ayer and P. Stokes Gaither.

in 1919, was elected an assistant secretary. He is an overseas army air force veteran and attained the rank of lieutenant-colonel. He is active in the Inter-

directors Charles F. Robbins, president of A. G. Spalding & Bros., and Chester O. Fischer, vice-president of Massachusetts Mutual.

### Miss Thompson Heads Conn. Mutual Legal Dept.; Humes, Nicholson Also Advanced

Connecticut Mutual has advanced Lelia E. Thompson to counsel; Warren

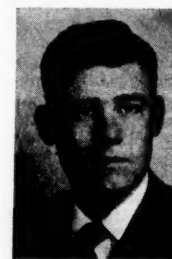
M. Humes to associate counsel and Dr. Richard E. Nicholson to assistant medical director.

Miss Thompson has been with Connecticut Mutual since 1924. She is a graduate of Smith College and Yale law school and is a Phi Beta Kappa. She is secretary of the Connecticut highway safety commission and is one of the very few women to head a life company legal department.

Mr. Humes joined Connecticut Mutual in 1932. He is a graduate of Clark



Lelia Thompson



R. E. Nicholson



W. M. Humes

University and Yale law school. He is a veteran of the first war.

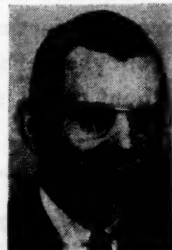
Dr. Nicholson, a graduate of Tulane University medical school, joined the company last year. During the war he served in the army air force and on discharge took a post-graduate course at Cornell University medical school in New York City, specializing in internal medicine. Following this he joined the Medical and Surgical Clinic in Dallas.

### Myklebust Northern Life's West Central Supervisor

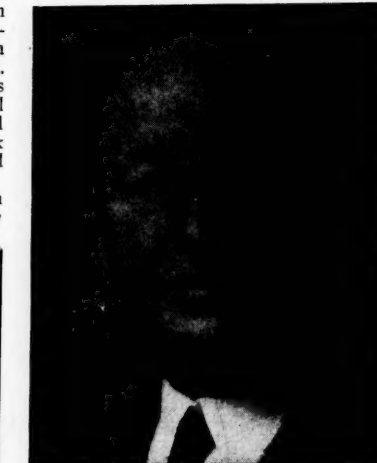
L. J. Myklebust, Des Moines branch manager of Northern Life for six years, has been promoted to supervisor of agencies for the west central states division.

He will supervise operations in Iowa, Kansas, Minnesota, Missouri and Nebraska with headquarters at Des Moines.

Mr. Myklebust has been in insurance work in Iowa since 1925, with Equitable Society National prior to



L. J. Myklebust



GEORGE HOAGUE

national Claim Assn. and is a past president of the Boston Life & Accident Claim Assn.

P. Stokes Gaither, who joined the company as a security analyst in 1946 following his service as a lieutenant-colonel in the army transportation corps, has been advanced to assistant treasurer. A graduate of Yale in 1929 and of the American Institute of Banking, he was an assistant trust officer in a large Boston bank prior to the war.

### Vice-President Schulman of Reserve Loan Life Resigns

Robert Schulman, vice-president and director of agencies of Reserve Loan Life for the past two years, has resigned. The company expects to announce a successor soon.

Mr. Schulman will remain in the life insurance business in Texas and announcement of his plans will be made within the next few weeks.



Robert Schulman

### Teachers I. & A. Promotes Hurd to Vice-President

Richard M. Hurd, mortgage officer of Teachers I. & A., has been promoted to vice-president. James S. Alexander of Guarantee Trust Co., New York, and Cloyd Laporte, New York attorney, have been elected to the board.

Mr. Hurd joined the association as mortgage officer in 1939 from a post as vice-president of Mortgage Bond Corp. of New York. A graduate of Yale, Mr. Hurd served as a naval officer from 1942 to 1945.

### Fischer Elected Director

Massachusetts Mutual Life elected as and Northwestern

## Strictly Up to Date

Crown Life Policy Plans and Benefits are "modernized" to enable more of our representatives to better serve more of their clients. They include:

Preferred Risk Whole Life	Par. and Non-Par.
Whole Life Convertible	Monthly Income Disability
Double Protection to 60 or 65	Single and Double Family Income
Regular 1 to 20 Year Term	Annuities and Pension Plans
Renewal Term to 60 or 65	Group and Wholesale
Juvenile Plans	Prepayment of Premiums

# CROWN LIFE

Established 1899 INSURANCE COMPANY Home Office Toronto — Canada

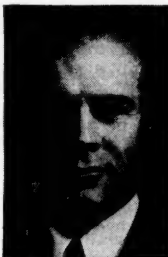
The Crown Life is now licensed to operate in  
New Jersey — Ohio — Michigan — Indiana  
— Missouri — Minnesota — Washington —  
California — Texas — Louisiana — Idaho.

joining Northern Life when it entered Iowa.

The Des Moines agency has been among the company's leaders in production.

### Hancock Names Gilman Associate Counsel

Lawrence B. Gilman has been appointed associate counsel of John Hancock. He is a graduate of Harvard and received his law degree from University of Newark in 1936. He was in law practice in New Jersey before the war. Mr. Gilman spent 32 months on overseas duty in the Pacific as a captain in the army air force. He joined the John Hancock law department in 1946.



L. B. Gilman

Schnur agency of Guardian Life in New York City. Robert L. Spaulder, H. Arthur Marshall and Jerome A. Schnur are the partners. Ned Urwin will be assistant manager.

All have been with Guardian and the Leyendecker-Schnur agency for many years. Mr. Spaulder, a veteran insurance man, has been with the company since 1934. Mr. Marshall joined Guardian in 1937 as brokerage supervisor after more than 10 years' life insurance experience. Mr. Schnur, a 30-year veteran of the business, has been with Guardian since 1934; Mr. Urwin, since 1936.

Clarence N. Leyendecker, former partner and co-founder with Mr. Schnur of the agency, died last month. The agency is the company's top producer.

### Halseth Succeeds Robison for Mutual at Minneapolis

W. LaVon Robison has resigned as Minneapolis manager of Mutual Life. He will continue with the company as an agent.

He will be succeeded by Alden E. Halseth, a native of Bagley, Minn., who



A. E. Halseth



W. L. Robison

has been a training assistant at the home office since February, 1947. The new manager was installed at a luncheon attended by Ben H. Williams, superintendent of agencies for the company's central division, and members of the Minneapolis agency.

Mr. Robison has been manager since 1942. He joined the company in 1924 in Boise. He transferred to Billings, Mont., in 1936 and in 1938 was named manager there.

Mr. Halseth has been with Mutual Life since 1943, when he joined the Fargo, N. D., agency. For three successive years he qualified for membership in Mutual's National Field Club. In 1946 he was named assistant manager at Fargo and the following year was advanced to training assistant at the home office.

Prior to entering life insurance, Mr. Halseth had been an engineer and was with the army engineers from 1929 to 1934.

### Houseman Guardian Life's Los Angeles Manager

Charles P. Houseman has been appointed manager of Guardian Life at Los Angeles. He and a number of his friends among the managers and general agents were guests at a luncheon given in his honor by the company.

Following his graduation from University of Chicago in 1927, he was in the security business and with General Electric as departmental sales manager, entering life insurance in 1937, with Connecticut General at Chicago. In his last year in personal production he paid for more than \$750,000. He became assistant manager of the Chicago agency in 1941. He moved to Los Angeles in 1944 and joined the Hays & Bradstreet agency of New England Mutual as manager of agents training.

He is vice-president of Life Supervisors Assn., Los Angeles, and chairman of the southern California caravan of the life underwriters association there.

### Metropolitan Ups Goretsky

Maurice Goretsky, assistant manager for Metropolitan at Roslindale, Mass., has been appointed district manager at

Revere, Mass. Julius S. Colpitts, general assistant manager, was temporarily in charge of the district. Mr. Goretsky joined Metropolitan in Roxbury, Mass., in 1924, and in 1928 was promoted to an assistant manager in Roslindale.

### Kuehn District Manager

William H. Masterson, Newark general agent of Equitable Society, has appointed David D. Kuehn district manager. He has been with the agency two years and is one of its leaders.

### Ruff Life General Agent

Arthur W. Ruff has been appointed general agent by Illinois Bankers Life at Riverdale, Ill., a suburb of Chicago, with his office at 14310 South Parnell avenue. He is a graduate of the Travelers school of 1938 and since 1936 has been in the local agency business.

### Buy \$6 Million Issue

Buckeye Pipe Line Co. has negotiated through Kuhn, Loeb & Co. the sale of \$6 million of 15-year 3½% sinking fund debentures, \$5 million to New York Life and \$1 million to Provident Mutual.

## CHANGES

### Berg Succeeds Tucker for Union Mutual in Phila.

Eric W. Berg has been named manager in Philadelphia for Union Mutual Life. A graduate of Newark College of Engineering, Columbia University, and the American Institute of Banking evening school, Mr. Berg was with Greenwich Savings Bank of New York City from 1928 to 1942. During the war he served as production supervisor of Star Electric Motor Co. He joined Penn Mutual Life in 1946 in Newark, and subsequently was district manager and agency and training supervisor. He was a member of Penn Mutual's Quarter Million Dollar Club and is a holder of the National Quality award. He succeeds F. Arthur Tucker, who resigned.



Eric W. Berg

### Two Partners Join Schnur in N. Y. Guardian Agency

NEW YORK—The Spaulder, Warshall & Schnur agency has been appointed as successor to the Leyendecker-

## A REAL General Agency Opportunity LA SALLE COUNTY, ILLINOIS

In the rich Illinois River Valley, where industry and agriculture combine to offer you the **CAREER JOB** in life insurance you have been seeking.

La Salle County is the home county of the Central Life of Illinois which was founded in Ottawa over 40 years ago.

Thriving industrial communities like LA SALLE-PERU, home of "Big Ben and Westclox"; OTTAWA, rapidly becoming one of the large glass producing centers; STREATER and MENDOTA serve a retail trading population well over 200,000. To this may be added the thousands of substantial farmers located near prosperous rural centers like EARLVILLE, SENECA, UTICA and LOSTANT.

The six General Agents who served this one county from the early days, died while in the service of the Central Life. Hundreds of their policyholders (many third generation) in La Salle County know the Company favorably.

This IS an opportunity for the man who can qualify.

Write Agency Vice President for details . . . Your replies confidential, of course.

## CENTRAL LIFE Insurance Company OF ILLINOIS

Founded 1905

Alfred MacArthur, President

211 W. Wacker Drive

Chicago 6, Illinois

**A AND H  
COVERAGE**  
*is our specialty*  
OUR PORTFOLIO OF UNUSUAL TAILOR-MADE PLANS INCLUDES:  
• The Quality Series  
• Student's Medical Expense  
• Camper's Reimbursement  
• Professional or Association Groups  
Also ALL REGULAR LIFE AND GROUP PLANS  
**COMPLETE BROKERAGE FACILITIES**

**THE UNITED STATES LIFE**  
INSURANCE COMPANY  
IN THE CITY OF NEW YORK

## How the 1948 Tax Law Affects Estate Situations

(CONTINUED FROM PAGE 8)

necessary in the past. In the past, most large estates fell into a rather well defined pattern. The main object was to prevent two sets of taxes, one upon the death of the husband and one upon the death of the wife. The question of whether or not the marital deduction should be taken advantage of cannot be flatly answered. Each case must be examined on the basis of its own facts.

### Options Need Checking

4. All life insurance which is written in such a way that the proceeds are payable to the wife under options must be reexamined. In most cases, changes will have to be made or the life insurance will be sacrificed for the purpose of the marital deduction.

5. As a general rule, life insurance may prove to be the most desirable type of property to use to take full advantage of the marital deduction.

6. All wills and revocable trusts will have to be reexamined and probably rewritten if full advantage of the marital deduction is to be taken.

7. As a general rule, gifts by the hus-

band to the wife will not result in any substantial saving. If it is hoped to save taxes by the making of gifts, the gift should be made to the children rather than the spouse. So the more intelligent procedure would be to make the gift to the children.

8. There are several ambiguities in the present law, the most important ones involving certain types of cases in which it is not clear whether or not the marital deductions will be allowed. Until such times as questions are clarified by ruling or regulations, it would ordinarily be a mistake to plan estates in such a way as to fall within the scope of one or more of the uncertain cases.

9. Although the general intent behind the marital deduction is to permit the marital deduction for property passing to the surviving spouse, if that property would be included in the estate of the surviving spouse upon her death, the act is so worded that there are many instances where property which passes to the surviving spouse will be includible in her estate upon her death but will not be eligible for the marital deduction. Therefore, this type of generalized statement should be taken with caution.

10. Even when it is decided to take full advantage of the marital deduction the value of the property passing to the

surviving spouse for which the marital deduction is claimed, in order to effect the maximum tax savings, should not exceed the maximum marital deduction allowable. If it does, such excess amount is retaxed to the estate of the surviving spouse and no credit is allowed for it in the estate of the spouse first to die.

I think that as a general proposition it can be said that ordinarily in a case where a wife's estate is small and the husband's estate is large it will almost always be advantageous to take advantage of the marital deduction. I can't think of a case where it wouldn't be, off-hand. The larger the estate, the less savings percentage because the federal estate tax brackets jump up fairly rapidly in the beginning but level off. For example, between \$560,000 and \$920,000 there is less than two percentage points difference. So if you have two estates rather than one, you get approximately the same tax in that particular bracket, whereas in the lower brackets it makes a terrific difference. But when the husband and wife both have substantial estates, then it will be very questionable whether it will be best to take advantage of the marital

deduction. Certainly, as a rule, the one with the smaller estate should not leave it to the one with the larger estate. There is no way to figure it out other than to take out a pencil and paper and work on the actual figures.

For example, if part is in life insurance, it might make a difference. And even though it turns out that tax-wise there is no advantage (when I say no advantage, what I am talking about is that the total tax paid at the death of both spouses will be the same, not just at the death of one. There will always be an immediate advantage, of course), or might even be a tax loss, there is probably a strong human reason for taking advantage of the marital deduction because the tax on the death of the one first to die is always going to be less. When they are both gone, they might not care.

In the first part of Mr. Overbeck's talk, published in last week's issue the sentence "Then we have an exception as to certain types of marital deduction" should have come between the first and second sentences in the paragraph beginning near the top of the second column on page 2. On the same page, in the fourth column, the word "not" was erroneously inserted, making the sentence unintelligible.

## Actuarial Merger Moves Nearer

(CONTINUED FROM PAGE 1)

incorporators of non-profit organizations every facility and modern technique.

Following a discussion of group underwriting which is reported elsewhere in this issue, James E. Hoskins, Travelers, opened discussion on whether extra aviation premiums have proven adequate in the light of current experience. Mr. Hoskins said that there has not been sufficient compiled experience in any one class since the war to go on, but he saw no reason why it should differ materially from pre-war experience, which the Actuarial Society's aviation committee studied on an inter-company basis. He termed these studies valid today and said that while some of the present rates may be adequate, a good many are merely expedient. For example, airline pilots pay 2.50 to \$3 extra per thousand and the rate is unable to be justified at less than \$4, he commented. Fixed base pilots who are commonly charged \$5 per thousand, actually should have a rate nearer \$10, according to committee studies. Military pilots should logically be graded down from \$15 at the younger ages to \$7 at the older ages.

Commenting on the issuance of substandard by companies adopting the CSO table, Earl C. Henderson, Connecticut General, said that his company uses standard values for substandard, feeling that a special substandard table is no more accurate than the special table for this purpose. Extended insurance has been eliminated, because it is felt there is no margin in the CSO for extended insurance on substandard risks.

John W. Clarke, Travelers, speaking during the expense discussion, commented that there has been a terrific rise in the cost of inspections. He said that in his company the claim volume has increased tremendously but the procedure has been streamlined by giving the agent a direct responsibility on claims under \$100. This way the agent is pleased by being offered a chance to call on his insured and a saving of 50% per claim has been experienced. Expenses have been helped by a greater use of women, who have been found to be as efficient as men in a number of clerical tasks. Mr. Clarke said that Travelers spends 72 cents out of every expense dollar on personnel. This is a startling percentage compared with a few years ago, and the starting salary for clerical help is now twice what it was during the war. The average clerical rate is now \$2 per hour, counting all expenses, according to Mr. Clarke. The answer has been found in streamlining,

reducing hiring somewhat, making all conscious of the expense problem from department heads on down. The increased cost means that insurance companies must use increasing amounts of mechanical equipment and adopt the production techniques of a factory.

H. F. Rood, Lincoln National, commented that unit cost dropped somewhat in 1947 for his company. The increase in the average size policy has matched the increase in expenses. He commented that his company can match its premium income to expenses whenever they increase by adjusting the non-participating premium, or withdrawing from the non-par field altogether.

The remarks of D. N. Warters, Bankers of Iowa, during the investments discussion are reported in a separate story in this edition.

Ronald G. Stagg, Northwestern National, described the new proposed annual statement blank recommended for adoption by the joint committee on blanks of L.I.A. and A.L.C., as more complete, understandable and usable from the standpoint of the public, companies and the state officials. He said that the committee has no pride in authorship which will keep it from agreeing to modify this form to suit any interest which might find a way to improve it. He said reform of the blank is gradually being recognized by all interests desirable, though he said the commissioners have shown no inclination to speed up the process. He expressed certainty that eventually a blank following standard accounting practice and employing terms which are not exclusive to life insurance will emerge.

Gordon D. McKinney, National Life of Canada, told the body that the problem of revising blanks in Canada is still in the "diaper" stage. The problem is comparatively simple, however, because abbreviated statements only have to be filed in the provinces.

### Long Way From Good Blank

Clinton O. Shepherd, Travelers, said there is still a long way to go to gain approval of a good convention blank. Though the joint committee has done an outstanding job, approval has been slowed up by the fact that the N.A.I.C. blanks committee meets infrequently and has a terrific problem. Local interests in each of the states bring pressure to bear on their respective commissioner for retention of certain archaic sections of the reporting blanks, he commented.

Commenting on interim statements, Mr. Shepherd indicated that Travelers makes up a statement every month, employing a series of short cuts to do so.

## Fifty-Fourth Year of Dependable Service

\* The State Life Insurance Company has paid \$160,000,000 to Policyowners and Beneficiaries since organization September 5, 1894 . . . The Company also holds over \$69,000,000 in Assets for their benefit . . . Policies in force number 102,000 and Insurance in force is over \$205,000,000 . . . The State Life offers General Agency Opportunities — with liberal contract, and up-to-date training and service facilities — for those qualified.

★ ★ ★

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INSURANCE COMPANY**  
Indianapolis, Indiana

MUTUAL LEGAL RESERVE FOUNDED 1894

He said this month to month method provides the company valuable insight and insures there will be no unpleasant surprises at the end of the year.

R. E. Archibald, Volunteer State Life, testified that his company found monthly statements of great value in gaining a picture and avoiding special costly investigations of various stages of operation. The company makes up monthly statements and also detailed quarterly statements, he said.

## GROUP ANNUITIES

In the discussion on retirement plans, G. Warren Winters, Aetna Life, said that the writing of group annuity contracts has been dropping off since the repeal of the excess profit tax. Using the figures of the largest group annuity companies, he said that whereas new cases had been running at 141 a year the figure since the removal of the excess profit tax has been 121 a year. He said many group annuity plans are entirely inadequate because of the increase in employee earnings and the consequent decrease in the pension percentage, which he felt would lead to union and employee demands for modernization in existing plans and the establishment of new ones.

W. C. McCarter, Northwestern Mutual, said that the market for new pension plans is better than at any time since 1945 because of the same conditions that prevailed then plus new companies being formed and new employee demands. He said that total benefits increased one-third in 1947 over 1946 because of so many employees attaining the minimum number of service years to bring them under the pension plans. He expects a widespread demand for pension plans because of the high cost of living, which leaves scant margins for individual savings.

C. R. Ashman, Lincoln National, said his company's pension plan has been liberalized to take care of the home office personnel because of inflation but that this had not been necessary for the field force as pensions are geared to volume of production. However, hospital and surgical benefits have been liberalized for both field and home office personnel.

As to the sale of plans, he expects an increasing volume of pension business. He warned against modifying pension plans every time there is an economic fluctuation.

In the general discussion on adequacy of reserves for business presently on the books at 3% and 3½% reserve bases, E. G. Fassel, Northwestern Mutual, said that each company should analyze its own situation and determine what surplus should be carried to offset a possible inadequacy in reserve basis. He said that he thought the interest rate trend had turned up, 1947 having been the bottom. He counseled caution, saying that one can hardly be too conservative in forecasting the income in a life

insurance company.

H. R. Bassford, Metropolitan, said it is possible that interest rates will not further decline but there is a big problem in the expense rates. There is going to be an increased cost on business under optional settlements, particularly that with a 3½% basis. He said Metropolitan has adopted a dividend formula to reflect this added liability and has started putting up more reserves to cover it. He emphasized the need for a substantial surplus, saying that stocks and bonds are no safer at present low interest rates than they were when the companies were earning 5%. He mentioned that not only is the amount of surplus important but whether it is going up or down.

## Predicts Deficits in 20 Years

H. H. Jackson, National Life of Vermont, predicted that 3% business now on the books would produce tremendous annual deficits 20 years from now because so much of it would be put under options which overestimated the interest that could be earned and underestimated the longevity of those who would be receiving life incomes under options.

Franklin Blair, Provident Mutual, read a discussion written by E. W. Marshall, vice-president Provident Mutual, which stated if there is any doubt about adequacy of reserves, an analysis should be made based on gross premiums, and future claims and expenses, using modern realistic assumptions, should be made.

In the discussion on the trend of lapses and surrender, E. J. Moorhead, L.I.A.M.A., said that lapses started improving in 1938 and reached their low point in 1945. Today more than half that gain has been lost and lapses are back to about where they were in 1941 and 1942. He said that perhaps the fat years have caused a slackening in conservation efforts and that there might be a little more conservation at the source through the field forces.

T. A. Crowther, Metropolitan, said that voluntary terminations had increased substantially since the war although the percentage was still very low. He mentioned the use of a calendar made up on a decimal basis in calculating expiration dates on extended term policies.

Talking on social security development Mr. Hohaus praised the work of the social security advisory council. He discussed the council's recommendation to raise the maximum salary based from \$3,000 to \$4,200 and predicted that if the law is changed to remove the present \$3,000 ceiling there will eventually be no limit.

Mr. Hohaus said that another social security study is due within a few weeks and that it will cover total permanent disability benefits, proposed for inclusion under social security.

Bruce E. Shepherd, manager of Life Insurance Assn. of America, made a talk on the new federal tax law, which is reported elsewhere in this issue.

## Some Minimize Effect of Inland Steel Decision

It has been suggested that many large employers are going to continue strongly opposed to bargaining about pensions and insurance plans with unions on the ground that the national labor relations board decision in the Inland Steel case, requiring employers to bargain on those matters, will be appealed to the courts; that employers are not required to make a concession to union demands in connection with such items, and because employers want Congress to define what matters they must bargain with the union.

As a contrary view, some observers point out that during the war, when the war labor board had ruled that employers did not have to bargain on pensions and insurance matters, thousands of employers across the country nevertheless did so. Now that the labor board has decided that employers are required to bargain on such items under the Taft-Hartley act, these observers believe that more employers will do so than did during the war.

Earle Y. Duncanson, assistant manager Connecticut General, New York City, has qualified for the 1948 Million

Dollar Round Table. He also qualified for the 1947 Round Table.

## Nine Educational Awards of Huebner Foundation Made

A preliminary list of nine fellowship and scholarship awards has been announced by the administrative board of University of Pennsylvania which is administering The S. S. Huebner Foundation for Insurance Education. A final list covering subsequent awards will be announced in the summer. In addition, summer session awards have been granted to five candidates. The awards' financial value varies from \$200 to \$2,000. The nine winners are: Scholarships—W. E. Bean, Jr., Pittsburgh; W. O. Cummings, Kansas City; P. M. Smith, Jr., Columbus; fellowships—F. A. Henningsen, Missoula, Mont.; J. F. Pickrell, Denton, Tex.; J. W. Raab, Jr., Columbus; F. J. Sabella, Murphysboro, Ill.; Sterling Surrey, Maryville, Mo.; J. F. Trosper, Bloomington, Ind.

## N. J. Managers Elect June 3

General Agents & Manager Assn. of Northern New Jersey will hold their annual meeting and outing at Essex Fells Country Club June 3.

## ★ Why Some of Our NEW STARS ★ Became Members of "The Happiest Insurance Family in America"

It is interesting to know why some of our new General Agents have recently become associated with this company. There are five distinct advantages which we offer those who are stars—or wish to become stars. These are in addition to the general reasons any good company can offer. Read some of the reasons why these ambitious men have decided to share their careers with us as we share our success with them:

★ "I decided to come with the Illinois Bankers Life Assurance Company, after a visit to your Home Office where I was deeply impressed by the friendly and helpful attitude of the company's officers and executives."  
A. W. R. (Illinois)\*

★ "My decision to become a General Agent for the Illinois Bankers Life Assurance Company was made when I saw the miraculous results being obtained by many of your men through the use of your copyrighted Miracle Letter."  
J. C. (Maryland)\*

★ "I became a General Agent for the Illinois Bankers Life Assurance Company recently because a study of your successful agency building methods convinced me that I can build a profitable business of my own with your tested sales and organization plans."  
F. R. H. (Texas)\*

★ "During my first forty days with the Illinois Bankers Life Assurance Company I have written more business personally than I did the entire twelve months previously, elsewhere. This was done through the use of your copyrighted Miracle Letter system, WHICH WAS THE MAIN REASON I MADE A CONTRACT WITH YOU."

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GALVESTON, TEXAS W. L. Moody, Jr., President

## ACCIDENT AND HEALTH

### Urges Revamping of A. & H. to Meet Public Obligations

A challenge to the accident and health industry to meet obligations to the public at all financial levels was offered by Louis C. Callow, general agent for General American Life at Memphis, in his address at the sales congress of Accident & Health Underwriters Assn. of St. Louis. The congress drew a crowd of better than 200.

Mr. Callow made a number of suggestions to overcome the problem of an apathetic clientele and a production force that is unable to dramatize their product because "we're kept busy justifying the restrictions."

He recommended that field men put their own house in order and organize on a sound basis without company subsidy. A professional concept must be adopted in the field to bring dignity and public confidence.

#### Discard Old Theories

Mr. Callow said that companies must discard theories that have supported the old bureau type of occupational classifications, the "wordy standard provisions, the old insuring clauses—prejudices that can be justified only in the light of conditions 30 and 40 years ago." The group casualty lines have developed plenty of statistics to serve as the proper force for complete revaluation, Mr. Callow declared.

Actuaries in the life companies must work out a long term solution of the disability hazard, he recommended, with some three to six months' elimination on the front end and with coverage to age 60, and perhaps with termination of claim benefits at age 65. Permanent disability should not be required to replace old age income benefits, he said.

#### Give Assurance of Coverage

A reasonably secure system of temporary disability benefits on the first day, to run at least two years was recommended. Mr. Callow urged rate structures and claims concepts which would give policyholders assurance that they would not lose coverage at the first or second hint of serious trouble.

He suggested that field men and underwriters recognize that selection must be complete and final at the date of issue. He noted that life companies accepted that theory 50 years ago and now the A. & H. companies must select as to moral hazard as well as health hazard at the outset, knowing that it takes many years for careful selection to wear off.

Mr. Callow declared that steps should be taken to define clearly the various overlapping fields of group casualty, franchise, and individual permanent disability. Agents should accept and respect the limits so established.

#### Mike O'Sullivan Speaks

Mike O'Sullivan, president of American Farmers of Phoenix, warned that government intervention is inevitable if companies neglect the lower income families. Mr. O'Sullivan was bedecked in western attire, including Indian rings and other trimmings, but was minus his six-shooters. He explained that he did not bring them to St. Louis because the Indian chief at Phoenix told him he would be in friendly territory there.

Leon Reichenberg, Metropolitan Life; Irving Hicks, Occidental Life; Fred F. Sale, General American Life, and Leigh Turner, W. H. Markham & Co., demonstrated their selling techniques on Frank R. Philpott, division manager of Federal Life of Chicago in a production forum. Mr. Philpott acted as the prospect, and his objections were answered by the quartette of salesmen.

Pearce H. Young, General American Life, president of the association, pre-

sided. Speaker at the dinner session was Dan Blount, director of public relations for International Shoe Co., who gave an inspirational sales talk.

### Committee on Maximum Benefits Outlines Its Work

The industry committee headed by F. J. Marryott, Liberty Mutual, which was named to take up the problem of minimum benefits in accident and health policies, following a hearing held at Chicago by an N.A.I.C. subcommittee considering that topic, held its first meeting at New York. It determined that its immediate projects would be limited to the field of individual and family accident and health policies.

It was decided to appoint four subcommittees with which insurance department representatives would be asked to work. A small drafting committee will prepare advisory basic provisions dealing with policy coverage, exclusions and conditions. A forms committee, consisting of the drafting committee and additional members representing all varieties of accident-health insurers as well as experts from insurance departments, will be named to review the work of the drafting committee.

A specific committee on minimum benefits will consider the amounts of payments and time during which payments are made, and make recommendations. An implementation committee will consider the best means of making effective the recommendations of the other three subcommittees, having in mind problems of constitutionality and anti-trust statutes.

### Bureau Holds Seminar on Policy Drafting Problems

Bureau of Accident & Health Underwriters conducted a two-day educational seminar at New York to discuss policy drafting problems, both from the standpoint of recent regulatory and statutory requirements and from the standpoint of general improvement, with 85 representatives of 39 member companies in attendance.

J. F. Follmann, Jr., manager of the bureau, discussed the digest of laws and regulations recently distributed and led a discussion of recent statutory requirements in various states, which affect policy filing and drafting.

Paul H. Rogers, Aetna Life, led a discussion of matters under consideration by the accident and health committee of N.A.I.C., including developments at recent meetings of the standard provisions and minimum standards subcommittees. F. Leroy Templeman, Maryland Casualty, discussed filing procedure for forms, pointing out the methods used by various companies and the value found in making test filings.

W. E. Kipp, Indemnity of North America, chairman of the bureau underwriting committee, led a discussion on policy revision from the standpoints of state requirements and general improvement in policy provisions. Mr. Rogers discussed optional life indemnity and elective indemnity provisions, and Mr.

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Templeman the total disability clause. Neil J. Brown, Hartford Accident, discussed the filing back of the policy and use of schedule policies. Merle J. Thompson, Standard Accident, discussed the use of various types of riders and Ray L. Hills, Great American Indemnity, reported on a survey of additional provisions.

Harry V. Williams, Hartford Accident & Indemnity, chairman of statistical committee, explained the loss experience filing requirements of certain states and the Zone 4 proposal as adopted by the commissioners. His discussion included the recent action of the blanks committee.

Everett S. Fallow, Travelers, explained the bureau statistical collection plan and Theodore O. Schwarz, Standard Accident, commented on computation of rates from the bureau's collected experience.

The seminar concluded with a discussion of the new manual by John F. Lydon, Ocean Accident, chairman of the manual committee. The seminar was opened with a brief comment by Logan Bidle, Aetna Life, chairman governing committee. Ray L. Hills was general chairman.

### Hike Mich. Blue Cross Rates

Michigan Hospital Service (Blue Cross) has increased its rates 40 cents a month for individuals and 90 cents a month for families. The increase has been approved by the Michigan department.

The general boost in hospital rates was given as the reason for the increase. Member hospitals are reported to claim that their costs have increased 40% the past two years while their charges have been increased only 25%.

### To Write Non-Can in Canada

Union Mutual Life has appointed Blaker, Hearn & Co., Montreal, chief agents for Canada to write non-cancellable accident and health insurance.

## ASSOCIATIONS

### Notable Speakers Listed for Wis. Sales Congress

MILWAUKEE—Speakers at the Wisconsin sales congress here May 19-21 will include James E. Rutherford, executive vice-president of N.A.L.U.; Earl M. Schwemm, Great-West Life, Chicago, president Illinois association; Vincent B. Coffin, vice-president Connecticut Mutual; Travis T. Wallace, president Great American Reserve, Dallas; Clarence E. Pejeau, Cleveland, Massachusetts Mutual; Glenn Drake, G. A. Walter, Canada Life, Toronto, and Richard Imig, New York Life, Sheboygan, Wis., national trustee.

The Wisconsin Quarter Million Dollar Round Table and Wisconsin Assn. of Life Underwriters will hold their annual meetings. Eugene H. Sanders, Equitable Society, and Walter C. Mayer, Mutual Benefit, president Milwaukee association, are co-chairmen arranging the congress.

### List Mo. Congress Speakers

The Missouri sales congress to be held Saturday at Jefferson City will have as its speakers Ray Wright, Provident Mutual, Lawrence, Kan., on programming; F. P. Aschemeyer, associate general counsel General American, on the new tax law; Frank Vesser, agency vice-president of General American, and a sales panel, with Herbert Hedges,

Equitable of Iowa, Kansas City, presiding, participants being Frank Trotter, Mutual Life, Kansas City, Mo.; George Maltby, Equitable of Iowa, Kansas City, and Seth Turk, Equitable Society, Springfield, Mo.

On the previous day there will be the annual meeting of the state association with a dinner that evening and presentation of certificates to members of the Missouri Leaders Round Table.

### "Don't Be Late in '48" Is K. C. Sales Congress Theme

Stressing the theme "Don't Be Late in '48," the Kansas City Life Underwriters Assn. sales congress got under way with Wylie Craig, general agent of Aetna Life, acting as chairman.

T. M. Green, Massachusetts Mutual, Oklahoma City, spoke on business insurance, calling it the "greatest deal for making money" in the life insurance business. He advised getting all information possible about the prospect and said to be sure to talk the prospect's language. For example, if one is talking to an oil man, comparisons should be made with things in the oil business. This helps to break down much of the sales resistance.

Benny A. Maynard, Mutual Life, Wichita, mentioned the favorable factors for life insurance sales, such as the increase in marriages and births, the demand for and increase in new homes, inadequacy of insurance programs due to inflation, increase in new businesses, higher prices for products, the increasing desire for security, and lower income taxes.

### Cites "Economic Death"

Mr. Maynard dramatized failure of the average man to provide retirement income, saying that out of every 100 men who reach age 66, only five have escaped economic death. The disease, he said, starts during childhood when parents fail to teach money management and continues through school and into adult life when people try to "keep up with the Joneses" and are living very close to their incomes.

L. Mortimer Buckley, New England Mutual, Dallas, directed his remarks to the young men in the audience in an effort to sell them on what a fine business life insurance is and to emphasize the importance of being well organized.

The luncheon speaker was Louie Throgmorton, Aetna Life, Shreveport, who talked on "Manna for Mama." He told some of his experiences in the life insurance business.

**Northern New Jersey**—G. R. Collins, dean of New York University, spoke on the need for greater production of goods in services and the folly of trying to solve problems by increasing wages, shortening hours or reducing the size of the labor force. There will be no May meeting. The outing will be held June 10 at Boonton.

**Orange County, Cal.**—H. S. Redeker, general counsel Fidelity Mutual, addressed a joint meeting with the Orange County Bar Assn., reviewing the 1948 revenue act and pointing out the important changes that will affect agents in planning estates. About 250 attended, making it the largest meeting ever held by the association.

**Montreal**—Bernard Benoit, assistant general manager and superintendent of agencies of La Laurentienne Life, spoke.

**Utica, N. Y.**—More than 100 members and guests from Rome, Utica and Mohawk valley towns attended a meeting at Ilion, where E. L. G. Zalinski, director of Life Underwriters Training Council, told of its purposes and aims.

**Philadelphia**—Sadler Hayes, Penn Mutual Life, New York, spoke at the April meeting. Mr. Hayes, who paid for over \$3 million, in 1947, gave a detailed analysis of his production. He said an analysis of his time showed only 10% was actually spent in the presence of customers and that his sources of business were from old policyholders, referred leads, centers of influence and people met socially. On completion of



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a programming job, he goes into detail with the client as to what the program will do for him and his family, including explanation of the disability clause. He also asks for one good name which he can use.

**Jackson, Tenn.**—C. H. Berson, assistant secretary of National Life & Accident, addressed the April meeting.

**Columbus, O.**—Carlton W. Cox, Metropolitan, Paterson, N. J., N.A.L.U. trustee, will speak May 21. This will be the last meeting of the season.

**Topeka**—W. H. Mikesell, professor of psychology, Washington University, will speak on "The Psychology of Approach or Selling the Different Type of Mind" at the Saturday morning meeting.

**Kalamazoo, Mich., May 3**—Need of business life insurance in most enterprises was stressed at a joint meeting with Kalamazoo Bar Assn., which drew an attendance of 72.

H. Loree Harvey, former state association president, and Robert Scott, said a properly drafted partnership agreement, protected by a life policy, is the ideal arrangement for such businesses. They said legal counsel should handle details of

the partnership pact and a "buy-and-sell agreement."

**Benton Harbor-St. Joseph, Mich.**—Russel H. Moore, Lansing, regional manager of Mutual Benefit Life, recommended more effective use of the telephone to conserve time and build good will.

**Salem, Ore.**—Arthur Potwin of Potwin & Palmer, Portland, Ore., consultant for Connecticut Mutual Life, spoke on the economics of business insurance.

**San Angelo, Tex.**—L. E. Throgmorton, Aetna Life, Shreveport, La., spoke May 5.

**Grand Rapids**—Rudolph Leitman, New York Life, Detroit, spoke on the sale of educational and retirement income policies.

**Pittsburgh**—Bernard Graham, Mutual Benefit Life, Pittsburgh, will address the dinner meeting of the Fayette county branch at Uniontown, Pa., May 11. John E. Zurlo, Jr., field training instructor Metropolitan Life, will address the Washington county branch at Charleroi at a dinner meeting May 12. J. C. Adams, Connecticut General, Pittsburgh, will address the New Castle branch at a luncheon meeting May 13.

## K. C. Life President's Club Holds Rally

(CONTINUED FROM PAGE 3)

the creation of trusts, is that the children will dissipate the assets. Mr. Langston emphasized that the settlor can guard against this by naming the mother, for instance, as irrevocable beneficiary so that it would be necessary for the child to get her signature for surrendering the policies.

Mr. Langston emphasized that everything that is transferred is taken off the top bracket from the estate tax standpoint. A fund is created that is non-taxable during the period of its accumulation. It is not subject to personal property tax or income tax on the increase in cash value. An endowment policy can be used, endorsed for installment payments, with no profit to be taxed at maturity and with income payments taxable as an annuity under the 3% rule. Also, Mr. Langston emphasized, there is no publicity in connection with such trusts, which means that beneficiaries are not so likely to get on sucker lists.

### Home Office Men Present

Others from the home office on hand were Vice-president F. W. Boyce, C. W. Arnold, superintendent of agents; Joseph Budinger, actuary, and Richard S. Haggman, the new director of public relations.

Just before leaving for Chicago Mr. Bixby celebrated his 25th anniversary as an associate of Kansas City Life. Starting as a clerk in the application department, he subsequently has held the offices of assistant secretary, executive vice-president, and has been president since 1939.

In a meeting the morning of April 30 he officially opened the new wing of the home office building on Broadway at Armour. All home office people were present to hear his address of welcome to the new cafeteria and the announcement plans for expansion. He invited all present to be his personal guests at luncheon.

Mrs. Nelta Weiss, cashier in the cafeteria, presented Mr. Bixby a great bowl of flowers as a gift from the employees. Then D. T. Torrens, chairman of the board, turned over to Mr. Bixby a painting of the Bixby ranch, the Bar B-X, a gift from the officers and directors.

## Discusses Actuary's Value in Agency Department

The role of an actuary in the agency department is that of a liaison man between the actuarial division and the agency department and the importance of good relations between these two departments cannot be overstressed, according to Milton J. Goldberg, agency assistant of Equitable Society, who addressed the Actuaries Club of New York at its April meeting. Mr. Goldberg, fellow of both actuarial societies, has been on the staff of Agency Vice-president Vincent S. Welch since 1946, and his comments dealt with the actuarial aspects of compensation, sales research, quality business, agency costs and public relations. He also discussed some of the recent work of the committee on agency costs of L.I.A.M.A., of which he is a member.

The club's junior branch elected as a program committee for 1948-49 W. S. Thomas, Metropolitan; M. F. Feay, Equitable Society; G. K. Ruggier, Home Life of New York; R. E. Shalen, Prudential, and J. R. McDonald, New York Life. W. S. Connell, North American Reassurance, was elected as the junior branch's member of the standing committee of the two branches.

A joint meeting and golf tournament will be held during the last week of May.

## Switch Zurich Group Star

Sherman J. Lavigna has been named district manager of the group department at Cleveland for Zurich. Mr. Lavigna has been district manager of the Chicago region and last year led all other group men in the company in production. He started in the group claims division four years ago and was transferred to the service division at Chicago, becoming service manager within a year.



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## Spindell Tells of Marital Deduction

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but as a simple example he took an estate totaling \$370,000 in which it was assumed that the wife's marital deduction attributable to the residuary estate would be \$60,000. This estate included a home in joint tenancy worth \$40,000, specific bequests of \$30,000, residuary estate of \$200,000 and life insurance of \$100,000. The marital deduction on the home will be \$20,000; on the specific bequest the full amount of \$30,000; on the residuary estate \$60,000, leaving as the factor to be determined the percentage of the life insurance to be left to the widow to produce the maximum aggregate marital deduction.

The total marital deduction under the first three classifications is \$110,000. The maximum adjusted gross estate, assuming death, administration expenses, etc. of \$30,000 will be \$340,000. The maximum marital deduction is 50% of the adjusted gross estate or \$170,000. After subtracting the \$110,000 of marital deduction arising from the first three classifications there remains \$60,000 yet to be used. It would thus be advantageous tax-wise for the husband to leave \$60,000 of the insurance proceeds to his wife on the life or installment option with proceeds payable to her estate on her death. In this manner the aggregate marital deduction would equal the 50% maximum allowable. The remaining \$40,000 of life insurance proceeds could be made payable to the husband's children upon his wife's death.

### Constantly Change

Mr. Spindell pointed out that exact computations are not necessary for most estates are constantly changing in character or in value. It is possible, however, to work out in each case a formula that will achieve roughly or approximately the full saving possible under the marital deduction. One way would be to leave all of the life insurance proceeds in such fashion as to qualify and then adjust the distribution of the residuary estate to make up the difference. After all, he pointed out, the client's objectives come first and if he wishes to achieve justice in his will by having the taxes borne by the wife as well as by the children and to divide his estate between them in a certain definite proportion, then he should follow his desires even if the maximum deduction is not realized.

Mr. Spindell said that while the number of variations in which the rules applicable to residuary estates may be applied is almost infinite they are, when thoroughly mastered, very useful and it does not take as long as one would first think to apply them in actual cases. The clients' desires are so specific and definite in certain respects regarding the distribution under their wills that the field of choice is materially narrowed and this simplifies the estate analyst's problem by limiting the alternatives available.

### Market Dealt Serious Blow

Mr. Spindell said there is no use in agents closing their eyes to the fact that one of the most lucrative sources of the life insurance business has been dealt a serious blow by the estate tax and gift provisions of the 1948 revenue act. The need for life insurance to provide money for the liquidation of estate

taxes has been very greatly decreased and in many cases practically wiped out by an intelligent application of the new provisions, he said.

A man with a \$300,000 estate, who previously needed \$52,000 for estate taxes, may now need only \$20,000. He was an excellent prospect for \$60,000 of life insurance but now he is only a fair prospect for \$20,000 for estate tax purposes. Also, once such a man fully realizes and carries out a liberalized gift program such as is possible under the new law, he may very well reduce his estate to a size where, after utilizing the marital deduction, the estate taxes will not even be in five figures.

Mr. Spindell said that agents who adapt themselves and their estate analysis plans to the new law and the new thinking that is involved in applying the law will find many lucrative sources of new business but those who continue with the old approach will find a prompt decline in the demand for life insurance for death taxes. Stressing the need for reviewing all existing estate plans, Mr. Spindell said that this should be productive of much new business, since many of the largest insurance producers say that all they need to develop new insurance sales is an occasion for re-opening an estate plan. If this is true and if the agents know how to take full advantage of it, they should break all insurance sales records this year and next, he said.

### Would Have Been Lost

Using the marital deduction to the fullest extent, Mr. Spindell pointed out that the widow will have the use, during the remainder of her life, of the money that would otherwise have gone to the government in the form of taxes and thus been irrevocably lost to the family. She may give part of this away to her children during her lifetime. And since her husband is no longer providing the support she will doubtless use a substantial portion of it for her living expenses. If her estate is large enough so that the income from it alone will provide for her living expense, then of course, she is not likely to use that much of the principal, but in general it can be assumed that the wife's total estate on death will be substantially less than when she receives it on her husband's death. This of course has the direct effect of reducing the estate tax on her estate.

Mr. Spindell pointed out two other very important considerations in this connection: One is that the value of the property left by the husband may depreciate during the wife's lifetime, especially if it is the kind of property that has depended upon his supervision. This reduced value will directly reduce the amount of taxable estate. The other factor is that the taxpayer with closely held stock is given an opportunity to pay the tax on it at two different times. In most cases it has been almost impossible to provide adequate life insurance proceeds or other cash funds for the payment of estate taxes on such stock, especially where the wife has no property to use in paying the premiums on the life insurance. If the stock was worth \$320,000 for example and if the marital deduction is fully used, the estate tax will drop from \$64,000 to \$20,000.

### Saves Immediate Payment

The immediate requirement of the additional \$44,000 is thus partially saved by the tax and partially postponed to the wife's death. If the value of the stock should decline during her lifetime, as will usually be the case, then the second tax will very likely be less than \$20,000. Mr. Spindell said that at first blush, it would seem that this would reduce the need for business insurance but this does not need to be the case. The desire of the surviving stockholders to have the wife out of the business is

## YOUR BUSINESS

Life Insurance was founded on the principle that theirs is the administration of a public trust—that funds entrusted to them must be held inviolate. Eighty-seven and one-half million Americans have now entrusted their dollars to the safe-keeping of Life Insurance Companies.

As a result of the stewardship of the insurance companies of that trust, American families received an average of \$8,525,682.00 each day during the year 1947—protection against financial emergencies.

Since its establishment in North America, life insurance has withstood 17 major depressions and, despite of them, the business has grown by strides—the business of 87,500,000 Americans.

Peoples Life is very proud of her record of growth and stability. If you want a part in the great business of life insurance, you will find it pays to be friendly with



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The offspring of the kangaroo... Can teach us all a thing or two... While they crouch in mama's pouch... There's safety for her little brood... But for families of the human clan... There's a brand new Security Plan... Developed by the B. M. A. ... Better get the facts without delay.

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**Renewal Commission**  
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as great as ever; and the insured's desire to provide a steady income to his wife is as great as ever. The only difference is in the impelling necessity of selling the stock to help raise the taxes in one case and having to raise only a fraction of the taxes in the other case. While this is important in the presentation of a stock purchase agreement case, it is one of the lesser factors.

It is thus apparent that the possibilities as to what may happen to the property set aside in the marital deduction often offset what might otherwise seem to be a disadvantageous tax computation, he said.

Mr. Spindell discussed the possibility of sales of life insurance to women, pointing out that widows will need funds to provide for payment of estate and inheritance taxes on their own estates. If the property given is stock in a closely held corporation or real estate or other unliquid asset—and the husband will usually seek to leave these assets to his wife in order to have liquid assets left for the payment of taxes on his own estate—then she will certainly need life

insurance to provide the necessary tax money. This creates a novel approach to the use of life insurance for providing death taxes because the technique in selling life insurance to women is different from that in selling it to men.

#### Should Study Emotional Approach

Mr. Spindell pointed out that women are interested in having life insurance on their husband's lives to provide for the payment of taxes on his estate but whether they feel the same way where insurance premiums are being paid on their own lives in order to pass the property to their children free and clear is another question. He predicted that agents will find that a little study of the emotional approach, as well as the intellectual approach, may be desirable here.

One good answer in what might prove to be a majority of cases would be that the husband would take out the insurance on his wife's life and provide for the carrying of that insurance in his will, the premiums to be paid either out of income, or more likely out of princi-

pal. If the wife is relieved of the burden of paying premiums she will not be as much concerned as if she were required to pay the premiums out of her own funds. Under such an arrangement the third party insurance offers the customary tax advantage of not having the proceeds taxed in her estate. The only estate tax payable would be on the cash value of the policies held by the husband in his estate. In his will, it would be of course necessary to provide that life insurance should not be one of the assets transferred to the wife as part of her marital share but to remain in the regular testamentary trust unless her share would be in a low tax bracket anyway.

#### Conn. Mutual Runs 5-Day School for Chicago Agents

Horace R. Smith, assistant superintendent of agencies Connecticut Mutual, Robert B. Proctor, and James L. Russell, agency assistants, are conducting a five-day advanced programming school for agents of the company's four Chicago agencies this week. General agents for these agencies are Henry C. Hunken, James F. Ramsey, J. Milton Edelstein and James H. Farrar.

The school is one of a series organized for the training of agents in the programming of life insurance.

Mr. Russell and Mr. Proctor ran a similar school in Albany last week for the James T. Purves agency.

#### U. of Ill. Professor Is Critical of Business

Life companies "have not been alert to the need for new policy forms to meet changing economic conditions," Dr. Robert I. Mehr, director of the insurance department of University of Illinois, told the Bloomington (Ill.) Assn. of Life Underwriters Wednesday. "From a simple burial fund, life insurance has developed into a complex instrument of 1,001 uses in our economy and all of them must still be met with policy forms almost two centuries old."

Many forces have combined to make it financially more difficult for an individual to provide for his old age, he said, including earlier retirement age, reduced mortality rate, increased taxes and reduced investment returns. He expressed alarm over the "growing disparity between the relatively low cost of replacing income cut off by death and the increasingly high cost of replacing income cut off by superannuation." Prof. Mehr charged that it is "but torturing a life insurance policy into an annuity" to use an endowment or whole life policy to provide for retirement.

#### Challenges Actuaries

He called upon company actuaries to develop new policies which will decrease cost of providing for old age without sacrificing adequate protection against premature death. "The present available policies all lead to a waste in premium," he said, and feels it would be interesting to learn "how much easier might be the task of protecting against loss of income by superannuation if, as the need for death protection decreased, the premiums paid on the policy automatically were to go into a pure annuity. We sometimes forget that as we grow older we need less face value of insurance to provide our families with the same protection."

Professor Mehr spoke before the Michigan Managers Conference in Detroit May 4 and Thursday addressed the Life Agency Managers of Chicago. Next week he will speak in Aurora and Rockford, Ill., at life underwriters gatherings.

#### Marsh & McLennan Moves

Monday will mark the official opening of the new and enlarged offices of Marsh & McLennan on the 14th and 15th floors of the Continental Illinois Bank building at 231 South LaSalle street, Chicago. The Chicago office has been at 164 West

Jackson boulevard. The company has leased 60,000 square feet of space.

The fire, casualty, bond, life, and marine insurance departments, along with the executive offices, will be on the 14th floor. Service departments such as engineering, accounting, policy writing, and stenographic are centralized on the 15th floor. As present occupants make vacancies available, Marsh & McLennan will expand its 15th floor facilities to occupy nearly half of the entire floor. Of 1,688 persons employed by the firm 470 are with the Chicago office.

#### Wingfield Gen'l American Houston Group Manager

Wallace L. Wingfield has been named group sales and service representative at Houston, by General American. A graduate of Missouri Valley College, he joined the company in 1940. For a short period in 1946, following service in the Pacific as a captain in the marines, he was a traveling service representative for the company, going to Houston last September. He will have complete charge of group sales and service in the Houston area.

#### Cal. Spikes Quarterly Filing for Outsiders

The California department has rescinded for foreign and alien life and fraternal companies, the requirement that they file quarterly statements. This is a boon to the many companies, which do not regularly compile statement figures on a quarterly basis.

#### Form South Bend Group

A General Agents & Managers Assn. has been formed at South Bend. Loyal Wilson, Mutual Life, president Indiana Assn. of Life Underwriters, had a hand in the project.

Officers are: President, Herbert L. Carmer, Northwestern Mutual; O. vice-president, Frank Helvie, Lincoln National Life, and secretary-treasurer, Harold P. Means, Lafayette Life.

The executive committee includes Earl H. Frei, Mutual Life; George W. Blackwell, Western & Southern; Howard L. Hodgen, district manager Equitable of Iowa, and W. R. Ford, Great-West Life.

Meetings are held the third Thursday noon each month.

#### Metropolitan Ups Burke

NEW YORK—James S. Burke has been appointed assistant vice-president of Metropolitan. He has been with the company 27 years in the ordinary department.

#### Austin Cashiers Hear Moore

The Austin (Tex.) Life Agency Cashiers Assn. heard Frank Moore, manager of Southwestern Life, discuss the work of cashiers. He said selection of better agents would make the office work and the public relations work of the cashiers easier and more pleasant. He stressed the value of association membership.

#### Lacey at Ore. Conference

O. J. Lacey, president of California Western States Life, attended a conference at Portland, Ore., as guest of H. L. Sallee, Oregon manager. In attendance were agents and their wives from Oregon and southwestern Washington.

After the Portland conference Mr. Lacey visited Astoria, Ore., and caught a number of salmon.

#### Insurance Canadian Issue

Insurance will be a major issue in the next federal election in Canada, according to the leader of the Progressive Conservative party, which will attempt to oust the Liberal party from office. One of the Progressive Conservative planks offers Canadians a contributory plan for accident, sickness and unemployment insurance plus protection for those handicapped by chronic diseases.



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One of the Lowest Net Cost  
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#### ORDINARY LIFE

Minimum \$5,000 — Maximum \$100,000  
Age Limit 1 to 55

Age	Annual Premium Per \$1,000	20 Year Annual Net Cost per \$1,000 Present Dividend Scale (Not Guaranteed)
1	\$11.33	\$1.72
5	11.78	.81
10	12.76	.25
15	14.14	— .08
20	16.11	— .17
25	18.53	— .13
30	21.55	.23
35	25.34	1.19
40	30.15	3.06
45	36.37	6.21

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you can quickly and easily sell your  
present clientele a better program—

and do it without red tape,  
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not acquainted with this unique

"Packaged Profit" route to increased  
earnings our story will interest you.



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## FRATERNALS

### Royal Neighbors Revises Its Dividend Scale

Dividends totaling about \$1,433,000 on certificates are to be paid by Royal Neighbors, Rock Island, Ill., the year ending March 31, 1949. It is estimated 20,400 members will receive dividends for the first time. The society declared \$1,322,157 dividends on adult insurance and \$110,933 on juvenile.

A revised dividend scale was adopted for the 1948-49 dividends which will be slightly less than the total distribution for 1947-48. It reflects favorable mortality and a reduced interest rate so there will be larger dividends on most certificates with low cash values and smaller dividends on most plans with high cash values.

The dividends are to be put on all adult certificates issued after Sept. 1, 1919, and on all juvenile certificates issued after April 1, 1940, which on due date have been on a premium paying basis for two or more years.

### Nebraska K. of C. Elects Dittrick State Deputy

HASTINGS, NEB.—George W. Dittrick was named state deputy by delegates at the state Knights of Columbus convention here; C. P. Shaughnessy, St. Paul, secretary; E. J. Schuetyh, West Point, treasurer; L. G. Weides, Lexington, warden, and W. H. Smith, Plattsburgh, advocate. Delegates to the national convention named were A. A. Bogard, Omaha; Aloys German, Humphrey; Leo Buckley, Hastings, and the Rev. Joseph B. Falke, Creighton.

### McGuire Is Banquet Speaker

J. J. McGuire, assistant to J. Edgar Hoover of FBI, was chief banquet speaker, stating one of the greatest breeding places of crime is the broken home. Edward A. Dosek, Lincoln, state deputy, was toastmaster and Bishop Louis B. Kucera of Lincoln spoke. An initiation was conducted for 25 candidates by the Hebron and Omaha councils.

## CHICAGO

### HIRSCH LEADING GREAT-WEST

Robert M. Hirsch of the Earl M. Schwemm agency of Great-West Life in Chicago, placed over \$1 million of business in the first quarter. Although handicapped by poor health in 1947, Mr. Hirsch topped all Great-West Life producers in the United States. Maintaining the pace he set in the latter half of 1947, he is now leading the company's field force in both the United States and Canada.



R. M. Hirsch

### CHICAGO GROUPS TO MEET

The Life Agency Supervisors of Chicago will hear Howard Kelley, the new general agent of Massachusetts Mutual there, at a luncheon meeting May 13. P. B. Hobbs, Equitable Society manager, Chicago, will address the Group Supervisors division there May 24.

The Women Life Underwriters of Chicago will hear a talk by S. Kiley, trust counsel of Harris Trust & Savings Bank, at the annual luncheon meeting June 2. His subject will be "The Tax Revision." New officers and directors will be elected.

## NEW YORK

### JOSEPHSON MOVES

The Halsey D. Josephson agency of Mutual Benefit Life, at 84 William street for 3½ years, is moving to 2 West 45th street in midtown New York City.

### START MANHATTAN CLASSES

Sixteen Manhattan Life general agents, supervisors and agents from New York city attended the first of a series of weekly classes at the home office on the subject of business and insurance taxation. The course will run for 25 weeks under supervision of Hermine R. Kuhn, first field assistant.

V. W. Edmondson, agency vice-president, outlined objectives and Thomas E. Lovejoy, Jr., first vice-president; Elder A. Porter, secretary and actuary, and D. T. Kelly, vice-president, participated in the initial session. Guest speakers from outside the company will feature succeeding sessions.

## SALES MEETS

### Lincoln Agency Celebrates

The top Lincoln, Neb., agency production leaders of Bankers Life of Iowa met to celebrate the victory in a two-day gathering in Lincoln. Representing the home office were E. M. McConney, president; W. F. Winterble, agency vice-president, and Marvin E. Lewis, superintendent of agencies.

### M. A. Carroll Agents Meet

More than 100 agents from the 22 counties represented in the M. A. Carroll agency of Northwestern Mutual Life at Oshkosh, Wis., attended a sales conference there. Home office men included Harold W. Gardiner, educational director; Larry J. Evans, assistant director of agencies; Walter Meier, secretarial department, and C. S. Lund of J. Walter Thompson Co. advertising agency, Chicago. Mr. Carroll presided at the business session and at the dinner. Louis Schriber, resident trustee, spoke at the banquet.

The Carroll agency was seventh among Northwestern's 87 general agencies in volume of new business in 1947. Prizes were presented to agency leaders.

### Has Programming School

The second of a series of agency schools on simplified programming for representatives of American Mutual Life was held at San Antonio for six days, conducted by Bert Merrill, agency supervisor. The school closed with a dinner with H. S. McConachie, vice-president, as host.

## MANAGERS

### Program Announced for N. E. Area Managers' Rally

The program for the first annual New England management conference, sponsored by the Boston managers association and designated by the N.A.L.U. general agents and managers section as the area conference for New England states, has been released. It will take place May 20-21 at the New Ocean House, Swampscott, Mass.

Following an informal luncheon, the meeting will open with four talks on training for modern merchandising, with Tower C. Snow, Connecticut Mutual, Boston, presiding. McKinley H. Warren, Phoenix Mutual, Boston, will discuss induction, Horace R. Smith, assistant superintendent of agencies, Connecticut Mutual, will talk on modern training methods, W. E. Johnson, Mutual Benefit Life, Manchester, N. H., will handle the developing of district

territories, and John O. Todd, Northwestern Mutual, Chicago, will discuss the upgrading process in agency building and getting the top potential from agents.

### Hays Friday Chairman

Friday's program which will be confined to a morning session will have W. Eugene Hays, Connecticut Mutual, Boston, as chairman. There will be a forum during which speakers from the previous day's program will answer questions submitted from the floor, after which C. W. Campbell, Prudential,

Newark, zone chairman of general agents and managers section, will talk on the agency building process. Raymond C. Johnson, assistant vice-president New York Life, will summarize the meeting and talk on management's responsibility.

### Talks About Brokerage

SEATTLE—James Dodge, broker-manager for Occidental Life, spoke at the luncheon meeting Monday on "What Do We Mean by Brokerage?"

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**"READY MADE" CONTACTS**

**IN EVERY**

**COMMUNITY**

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**MODERN WOODMEN FIELD FORCE**




More than 8000 local camp secretaries, who collect payments from members, are valuable aids for agents in the acquisition and conservation of business. Friendly and well-known in his community, the camp secretary is a "natural" as a center of influence.

Many profitable leads also come from the more than 420,000 adult and junior members, affiliated with camps throughout the nation. Local camp activities publicize and advertise the Society to non-members. These "door-openers," plus a modern agents' training program, help establish the Modern Woodmen field man in an interesting and well-paying profession.

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**One of America's  
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**AID ASSOCIATION for LUTHERANS**

**APPLETON, WISCONSIN**

## Government Role Key to Investment

(CONTINUED FROM PAGE 1)

growing feeling today that savings, instead of being in excess of the need for investment funds, are falling far below.

Mr. Wartens commented that since 1930 the United States has been moving away from the free market for money and progressively very great powers

have been given to the federal government with which it has been able to control the credit base of the country and influence interest rates. During most of the 1930's the policy was directed toward lower interest rates in order to raise the price level. During the war the policy was directed toward low rates in order to finance the war and do it cheaply. Because of rising prices and the danger of inflation, the government, in the spring of 1946, cautiously began exercising its powers in the direction of contracting the credit base and thus preventing a further decline in interest rates. Very large available war loan account deposits were used to retire bank held short term debts and the preferential federal reserve re-discount rate applicable to government certificates was eliminated. This was followed in July of 1947 by the unpegging of the guaranteed bill rate and an increase in the interest rate at which government certificates were offered. In the spring of 1947 there was a heavy selling of "tap" bonds by the agencies of the government and this was followed in September, 1947, by a new offer of long term non-marketable bonds to institutional investors.

In the allied mortgage field Congress in June, 1947, refused to provide RFC with any more funds with which to purchase mortgages. This agency had been supplying a market for 4% Title VI and G.I. mortgages. The increasing private demand for capital plus the effects of these government operations caused the government market and other markets to drop shortly during the last quarter of the year, and there was a sharp increase in interest rates.

In November, 1947, the government had partly reversed its direction by starting to support the price of the long term government bonds. Mr. Wartens commented. This support is being continued at the present time although at a lower level than in November.

Mr. Waters said that there are many possible developments, any of which can conceivably alter the picture completely. One of these is the restoration of a balance between our exports and imports as European countries complete recovery. Another is the nation's ability to avoid depression after present shortages of goods disappear. Increased defense expenditures can have a profound effect if they should result in deficit financing. If the present great pressures being exerted in Congress are strong enough to bring additional appropriations to RFC to be loaned at 4% on housing, it will have a depressing effect on interest rates. Mr. Wartens counted the possibility of war. He reiterated that the ability and the will of the government to fully control the situation, even with the great powers now possessed, is an enigma.

## Animated Exhibits Put Lessons Across Vividly

(CONTINUED FROM PAGE 6)

ad columns, showing that after 45 jobs are difficult to get and more difficult to hold, make up one exhibit. The agent can gather clippings from his own newspaper, put them under cellophane and have a powerful visual argument for the sale of income insurance.

In closing, to drive home some of the points he has made, he has three clear glass pitchers on the table. One labeled "Whole Life" contains an amber liquid (tincture of iron chloride with water). The second, "Term", has in it colorless sodium salicylate and water. The third is empty and its label, "Family Income or Family Maintenance" is turned away from the audience.

Mr. Schick pours some of the term into the empty pitcher, then some whole life. The result is a deep purple. Two basic insurance coverages are combined to make a coverage which is entirely different in character. The result helps the new man remember that many of the apparently complicated types of policies are nothing more or less than a combination of basic forms.

## Fraternal Actuaries in Mid-Year Meet

(CONTINUED FROM PAGE 2)

It saves two to three weeks' time when time is all-important. Mr. Pakes was unable to attend the Chicago meeting due to home office duties and so his paper was read by the secretary in his absence.

Actuarial considerations in regard to misstatement of age in life insurance contracts were discussed by Dr. Tadeusz Poznanski, consulting actuary La Societe des Artisans Canadiens-Francais of Montreal. He said it happens more often than might be expected that the age indicated on the application is incorrect. Dr. Poznanski referred to the steps taken by various state governments to protect insured from the possibility that a misstatement of age might be considered as a false declaration which would nullify the contract. Generally, as in the new law of New Hampshire, there is a requirement that the policy should be adjusted to pay the proceeds which would have been paid under a policy purchased at the premium rate for the correct age.

In practice it seems proof of age is requested only on payment of a death claim and in general no proof is requested upon payment of surrender value or matured endowment. The amount for these apparently is paid without knowing whether or not the declared age was exact. He believes the rule of proportion is perfectly correct if applied to benefits arising from the risk of death but is incorrect in cases where the benefit is based partly on the element of risk and partly on accumulated savings, as is the case in most plans issued, especially if the savings portion is reimbursed without proof of age.

To resolve these difficulties he suggested that proof of age be demanded upon the issuance of a policy, as far as possible, in order to avoid the necessity to adjust policy payments, and second, to apply the rule of proportion in all cases, including maturity and surrender as well as death.

## Investment Man Talks

Dr. Corliss D. Anderson, partner in the Duff, Anderson & Clark investment house, Chicago warned institutional investors against predicating their investment decisions on higher price levels than those existing today. He believes that the economy is set for somewhat higher interest rates in the next few years on the premise that the future financial management of the government will allow interest rates to seek their own level to a larger extent than in the last few years, and on the elemental premise that the present low interest rates will not attract the investment capital required by private enterprise in the next five to 10 years. He anticipates not a sharp break but an increase of 1/2 to 3/4% on long term securities by steps over several years.

Walter L. Rugland, Aid Assn. for Lutherans, Appleton, Wis., read a fine paper on "Juvenile Insurance Under the CSO Table." There was discussion on previous papers, including "Note on Double Indemnity," by Lyle Barnhart, Fidelity Life, Fulton, Ill.; "A Method of Computing Momentarily Non-Forfeiture Values"; the annual statement blank, and "Report of N.F.C. Committee on Blanks," by Richard A. Anderson, Protected Home Circle, Sharon, Pa. Several topics also were taken up in a general discussion.

## Hierholzer to San Antonio

Frank R. Hierholzer has been appointed San Antonio district agency manager of Western Reserve Life of Austin. He was formerly with Lincoln National and Acacia Mutual as a producer and agency manager and recently has been with a Texas company as agency director.

## FTC Must Spend Year Evaluating State Laws

(CONTINUED FROM PAGE 2)

similar to the FTC act in that the respondent has the right of appeal to the circuit court of appeals and the judgments and the decrees of the circuit courts are final under both acts except when they are such that they are subject to review by the supreme court upon certiorari.

The general attorney described the procedure for cooperative elimination of unlawful or questionable practices which FTC has made for a number of years through trade practice conferences. The commission now initiates these conferences on its own motion, while formerly such conferences were held only when a request was received from an industry. At these conferences, members of the industry indicate practices considered illegal and propose rules to eliminate them. The commission considers the proposals and if they are considered to be in the public interest, promulgates rules for the industry as it deems advisable.

## Asks Insurance Law Housecleaning

Speaking at the same meeting, Senator Wiley, chairman of the Senate judiciary committee, asked that insurance laws be streamlined. Right now the industry is confronted with a problem of reviewing 48 volumes containing insurance laws of various states. These volumes contain around 30,000 pages each reflecting the view of opinion and prejudices of hundreds of legislators. The statutory deadwood which is accumulated in the insurance industry must be periodically house cleaned, he declared.

The senator indicated his belief that Congress intends to encourage self regulation by the insurance industry and to stimulate equitable state regulation rather than attempt to superimpose a strict federal pattern upon each state. He indicated that he believes that government can throttle free enterprise if it over-regulates industry.

Newell R. Johnson, vice-president Minnesota Mutual Life, commented that there are not many in the insurance industry today who still would have no regulation, but that on the other hand he hopes there is no longer anyone in government or industry who would advocate complete, rigid regulation which would put the business into a legalistic straitjacket. Such a system would have prevented the many developments of recent years in the various types of insurance, he concluded.

## Detroit Directory Issued

Copies of the 1948 Detroit Insurance Telephone Directory have been distributed to local subscribers by The National Underwriter Co. The 76-page book lists fire, casualty and life insurance offices and other offices whose work is closely associated with insurance alphabetically with phone numbers.

The Detroit book is one of similar phone books published by THE NATIONAL UNDERWRITER for the cities of Baltimore, Washington, Dallas-Houston, Chicago, Detroit, Philadelphia, Pittsburgh and Boston. Additional copies of the Detroit book may be obtained from the Detroit office, 219 Transportation building, or the Cincinnati office of The National Underwriter Co., 420 East Fourth street, at \$1 each.

## To Honor Dallas Insurers

Dallas business men and the Dallas Chamber of Commerce will on May 11 honor 11 insurers with home offices there at a dinner. Texas commissioners will be honor guests.

Col. Alvin M. Owsley, former U. S. minister to Romania, Ireland and Denmark, will be the principal speaker. President Carr P. Collins of Fidelity Union Life will be spokesman for the companies.

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